A Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Robert F. McDonnell
Governor

Richard D. Brown
Secretary of Finance

David A. Von Moll
Comptroller

Table of Contents

Introductory Section

Comptroller's Letter of Transmittal to the Governor 6
Certificate of Achievement for Excellence in Financial Reporting 18
Organization of Executive Branch of Government 20
Organization of Government – Selected Government Officials – Executive Branch 21
Organization of the Department of Accounts 22

Financial Section

Independent Auditor's Report 24
Management's Discussion and Analysis 27
Basic Financial Statements
Government-wide Financial Statements
Statement of Net Assets 40
Statement of Activities 42
Fund Financial Statements
Balance Sheet – Governmental Funds 46
Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Assets 48
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 50
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities 52
Statement of Net Assets – Proprietary Funds 54
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds 56
Statement of Cash Flows – Proprietary Funds 58
Statement of Fiduciary Net Assets – Fiduciary Funds 64
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds 65
Statement of Net Assets – Component Units 68
Statement of Activities – Component Units 70
Index to the Notes to the Financial Statements 73
Notes to the Financial Statements 74
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds 168
Funding Progress for Defined Benefit Pension Plans 172
Schedule of Employer Contributions – Defined Pension Plans 174
Funding Progress for Other Postemployment Benefit Plans 175
Schedule of Employer Contributions – Other Postemployment Benefit Plans 177
Claims Development Information 178
Combining and Individual Fund Statements and Schedules
Nonmajor Governmental Funds
Combining Balance Sheet – Nonmajor Governmental Funds 186
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 190
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds 194
Nonmajor Enterprise Funds
Combining Statement of Net Assets – Nonmajor Enterprise Funds 198
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds 202
Combining Statement of Cash Flows – Nonmajor Enterprise Funds 206
Internal Service Funds
Combining Statement of Net Assets – Internal Service Funds 214
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds 216
Combining Statement of Cash Flows – Internal Service Funds 218

Fiduciary Funds
Combining Statement of Fiduciary Net Assets – Private Purpose Funds 224
Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Funds 226
Combining Statement of Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds 228
Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds 232
Combining Statement of Fiduciary Net Assets – Investment Trust Fund 236
Combining Statement of Changes in Fiduciary Net Assets – Investment Trust Fund 237
Combining Statement of Fiduciary Net Assets – Agency Funds 238
Combining Statement of Changes in Assets and Liabilities – Agency Funds 242
Nonmajor Component Units
Combining Statement of Net Assets – Nonmajor Component Units 248
Combining Statement of Activities – Nonmajor Component Units 256
Debt Schedules
Summary Schedule – Total Debt and Other Long-term Obligations of the Commonwealth 260
Tax-Supported Debt and Other Long-term Obligations 261
Debt and Other Long-term Obligations Not Supported by Taxes 262
Authorized and Unissued Tax-Supported Debt 263
Tax-Supported Debt – Annual Debt Service Requirements 264
Tax-Supported Debt – Detail of Long-term Indebtedness 266

Statistical Section

Ten-Year Schedule of Revenues and Expenditures – Modified Accrual Basis – General Governmental Revenues by Source and Expenditures by Function 280
Net Assets by Component – Accrual Basis of Accounting 282
Changes in Net Assets – Accrual Basis of Accounting 284
Changes in Fund Balance, Governmental Funds – Modified Accrual Basis of Accounting 288
Fund Balance, Governmental Funds – Modified Accrual Basis of Accounting 290
Comparison of General Fund Balance 290
Personal Income Tax Rates 292
Effective Tax Rates 292
Personal Income Tax Filers and Liability by Income Level 293
Personal Income by Industry 294
Taxable Sales by Business Class 296
Sales Tax Revenues by Business Class 298
Ratios of Outstanding Debt by Type 300
Ratios of General Obligation Bonded Debt Outstanding 301
Computation of Legal Debt Limit and Margin 302
Schedule of Pledged Revenue Bond Coverage – Primary Government 9(d) General Long-term Debt 304
Schedule of Demographic and Economic Statistics 306
Principal Employers 307
State Employees by Function 310
Operating Indicators by Function 312
Capital Asset Statistics by Function 316
Employees of the Department of Accounts 318

Illustrations

Figure 1 Annual Percentage Change of Nonfarm Payroll Employment, Fiscal Year 2006 – Fiscal Year 2010 8
Figure 2 Nonfarm Payroll Employment, Fiscal Year 2006 – Fiscal Year 2010 9
Figure 3 Nonfarm Payroll Employment of Virginia MSAs, Fiscal Year 2006 – Fiscal Year 2010 10
Figure 4 Percentage Change in Personal Income, Fiscal Year 2006 – Fiscal Year 2010 11
Figure 5 Civilian Unemployment Rate, Fiscal Year 2006 – Fiscal Year 2010 12
Figure 6 Civilian Unemployment Rates of Virginia MSAs, Fiscal Year 2006 – Fiscal Year 2010 13
Figure 7 Unemployment Rate by Locality, Fiscal Year 2010 13
Figure 8 Virginia Taxable Sales, Fiscal Year 2007 – Fiscal Year 2010 14
Figure 9 New Privately Owned Housing Units Authorized, Annual Percentage Change, Fiscal Year 2006 – Fiscal Year 2010 14
Figure 10 Percentage Change in House Prices, Fiscal Year 2006 – Fiscal Year 2010 15
Figure 11 Net Assets as of June 30, 2010 and 2009 30
Figure 12 Changes in Net Assets for the Fiscal Years Ended June 30, 2010 and 2009 31
Figure 13 Revenues by Source – Governmental Activities, Fiscal Year 2010 32
Figure 14 Expenses by Type – Governmental Activities, Fiscal Year 2010 32
Figure 15 Business-type Activities – Program Revenues and Expenses for the Fiscal Year Ended June 30, 2010 33
Figure 16 Capital Assets as of June 30, 2010 (Net of Depreciation) 36
Figure 17 Outstanding Debt as of June 30, 2010 – General Obligation Bonds 36

INTRODUCTORY SECTION

Comptroller's Letter of Transmittal to the Governor
Certificate of Achievement for Excellence in Financial Reporting
Organization of Executive Branch of Government
Organization of Government – Selected Government Officials – Executive Branch
Organization of the Department of Accounts

COMMONWEALTH of VIRGINIA

DAVID A. VON MOLL, CPA
COMPTROLLER

Office of the Comptroller

P. O. BOX 1971
RICHMOND, VIRGINIA 23218-1971

December 14, 2010

The Honorable Robert F. McDonnell
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia 23219

Dear Governor McDonnell:

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010, in accordance with Section 2.2-813 of the *Code of Virginia*. This report consists of management's representations concerning the Commonwealth of Virginia's finances. Management assumes full responsibility for the completeness and reliability of all information presented. This report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). Data presented in this report is believed to be accurate in all material respects, and all disclosures that are necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

The 2010 CAFR is presented in three sections. The Introductory Section includes this transmittal letter and organization charts for state government. The Financial Section includes the State Auditor's Report, management's discussion and analysis (MD&A), audited government-wide and fund financial statements and notes thereto, required supplementary information other than MD&A, and the underlying combining and individual fund financial statements and supporting schedules. The Statistical Section sets forth selected unaudited economic, financial trend, and demographic information for the Commonwealth on a multi-year basis.

The Commonwealth's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management is required to use cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls. The Commonwealth's established internal controls fulfill these requirements.

In accordance with Section 30-133 of the *Code of Virginia*, the Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 2010. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the Federal Single Audit Act Amendments of 1996 and the related OMB Circular A-133 is performed at the statewide level. The Commonwealth's Single Audit Report will be issued at a later date. I would like to acknowledge the Auditor of Public Accounts' staff for their many contributions to the preparation of this report.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. In addition to the financial analysis addressing the Commonwealth's governmental and business-type activities, the MD&A focuses on the Commonwealth's major funds: the General Fund, the Commonwealth Transportation Special Revenue Fund, the Federal Trust Special Revenue Fund, the Literary Special Revenue Fund, the State Lottery Fund, the Virginia College Savings Plan Fund, and the Unemployment Compensation Fund. The Commonwealth's MD&A can be found on page 27 immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

REPORTING ENTITY

For financial reporting purposes, the Commonwealth's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (discrete component units). The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. Further information can be found in Note 1.B. to the Financial Statements.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, as well as the Commonwealth's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth. The Commonwealth's discretely presented major component units are the Virginia Housing Development Authority, Virginia Public School Authority, University of Virginia, Virginia Polytechnic Institute and State University, and Virginia Commonwealth University.

The Commonwealth and its component units provide a wide range of services and funding to its citizens, including elementary, secondary and higher education; health and human services; economic development; environment and natural resources; public safety, corrections, and regulation; transportation; agriculture; and general government services. The financial activities associated with these services are reflected in both summary and detail throughout the CAFR.

BUDGETARY CONTROL

In addition to the internal controls previously discussed, the Commonwealth maintains budgetary controls to ensure compliance with the legal provisions of the Commonwealth's Appropriation Act, which reflects the General Assembly's approval of a biennial budget. The financial transaction process begins with development and approval of the budget, after which budgetary control is maintained through a formal appropriation and allotment system. The budgeted amounts reflected in the accompanying financial statements represent summaries of agency budgets.

The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly on a biennial basis at the program level. The Commonwealth monitors spending activity to ensure the expenditures do not exceed the appropriated amounts at the agency level. The State Comptroller maintains a central general ledger that records total appropriations and related expenditures for all agencies and institutions included in the approved budget. Systemic controls are in place to prevent disbursements that exceed authorized appropriations. Additional information regarding the Commonwealth's budgetary process can be found in Note 1.E. to the Financial Statements.

ECONOMIC REVIEW

LOCAL ECONOMY

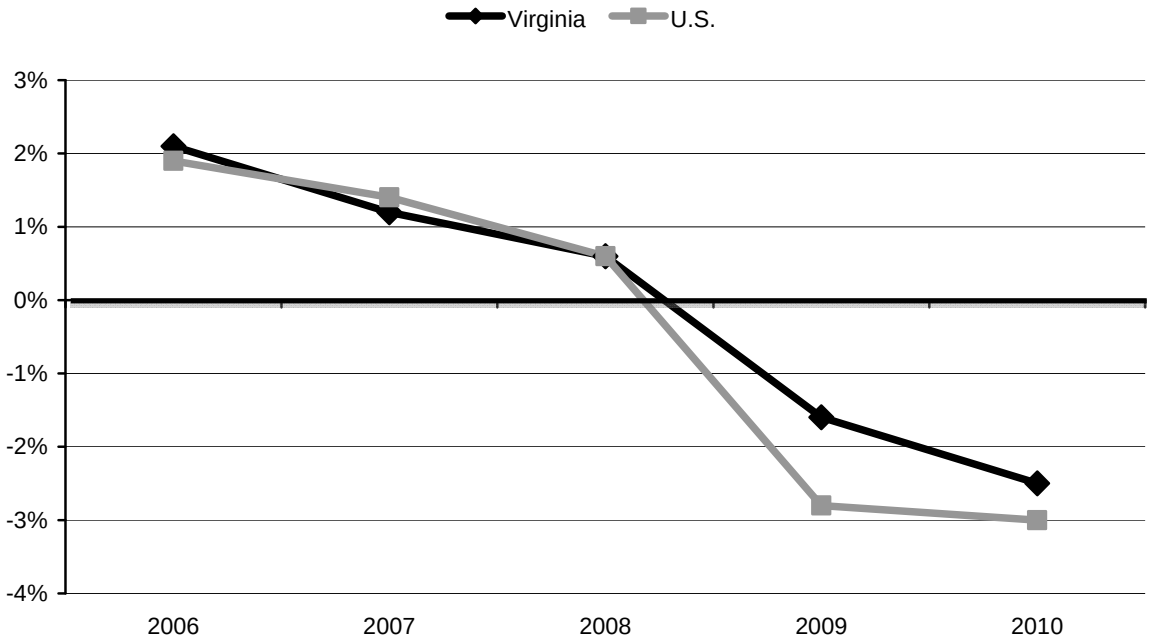
Introduction

An economist at the University of Virginia's Weldon Cooper Center for Public Service prepared this section on recent developments in the Virginia economy. In fiscal year 2010, the Commonwealth's economy continued to suffer from the so-called "Great Recession" – the most severe economic downturn since the Great Depression of the 1930s. The national recession, which began in December 2007, midway through fiscal year 2008, bottomed in June 2009, the last month of fiscal year 2009. These recession dates are from the National Bureau of Economic Research, the private organization that is the official arbiter of recessions. Although the downturn is officially over, recovery has been slow and there are some observers who think there is a moderate likelihood of a double dip. The analysis in this section covers the last five fiscal years in order to provide perspective on recent developments. All of the data are the most recent available for the time period covered. This means that many of the earlier observations in last year's analysis have been revised to incorporate new benchmarks and more plentiful information.

Employment

Virginia's nonfarm payroll employment fell by 92,400 or 2.5 percent in fiscal year 2010. The national rate fell even more (3.0 percent). As shown in **Figure 1**, the rate of growth diminished in each year. Virginia's negative growth in fiscal year 2010 was the worst since the atypical year of 1946, which registered a 2.7 percent decline as the state converted to a peacetime economy after World War II.

Figure 1
Annual Percentage Change of Nonfarm Payroll Employment
Fiscal Year 2006 – Fiscal Year 2010



Source: U. S. Bureau of Labor Statistics

Figure 2 shows changes in Virginia's employment by industry from fiscal year 2006 to fiscal year 2010 and the change in employment for the most recent period for the state and the nation. Over the full time period, many of the state's major industries experienced serious drops in employment. Exceptions included education and health services, and the federal government. In the most recent time period, from fiscal year 2009 to fiscal year 2010, for the 15 industries shown, only four reported gains. They were education and health services, other services (repair, maintenance and personal services and membership organizations), federal government, and state government. In the case of state government, the increase was minimal, a net gain of only 800 employees. Major sectors such as construction, manufacturing, professional and business services, retail trade, and local government sustained large losses. Developments at the national level were similar, but in total, the relative loss was worse.

Figure 2
Nonfarm Payroll Employment
Fiscal Year 2006 – Fiscal Year 2010

	Virginia Employment (000)					Change, Fiscal Year 2009 to Fiscal Year 2010		
						Virginia		U.S.
NAICS Industry*	2006	2007	2008	2009	2010	Number (000)	Percent	Percent
Mining and logging	11.1	11.2	10.9	10.9	9.9	(1.0)	(10.1)	(7.9)
Construction	248.9	244.7	232.7	206.2	183.2	(23.0)	(12.6)	(13.7)
Manufacturing	292.7	282.9	271.6	252.5	231.8	(20.7)	(8.9)	(8.2)
Wholesale trade	118.6	120.6	120.5	116.7	109.4	(7.3)	(6.7)	(3.5)
Retail trade	422.3	425.5	426.2	409.3	398.0	(11.3)	(2.8)	(3.0)
Transportation and utilities	120.4	119.4	119.7	116.2	110.6	(5.6)	(5.1)	(4.3)
Information	92.0	91.2	89.1	84.6	77.5	(7.1)	(9.2)	(5.2)
Financial activities	194.0	195.1	191.1	184.6	178.2	(6.4)	(3.6)	(3.9)
Professional and business services	618.6	637.6	653.3	649.9	637.1	(12.8)	(2.0)	(3.6)
Education and health services	399.6	411.9	430.4	444.9	454.6	9.7	2.1	1.7
Leisure and hospitality	334.4	342.4	348.6	344.9	338.6	(6.3)	(1.9)	(1.5)
Other services	181.1	183.6	187.3	187.9	190.6	2.7	1.4	(2.0)
Federal government	152.7	156.3	157.4	163.2	171.0	7.8	4.6	4.5
State government	151.3	153.2	153.2	153.5	154.3	0.8	0.5	(0.4)
Local government	364.5	370.1	377.0	382.3	370.2	(12.1)	(3.3)	(0.9)
Total	3,702.2	3,745.6	3,769.0	3,707.4	3,615.0	(92.4)	(2.5)	(3.0)

Source: U. S. Bureau of Labor Statistics
Note: Details may not add to totals due to rounding.
* North American Industry Classification System (NAICS)

Virginia has 11 Metropolitan Statistical Areas (MSAs), dominated by three – the Virginia portion of the Washington-Arlington-Alexandria DC-VA-MD-WV MSA, labeled the Northern Virginia MSA, the Virginia Beach-Norfolk-Newport News MSA, often referred to as the Hampton Roads MSA, and the Richmond MSA. Together the three areas account for nearly three-fourths of the state's nonfarm payroll employment. **Figure 3** shows the annual percentage change in employment for ten of the MSAs. No information is shown for the Kingsport-Bristol TN-VA MSA because most of the area's economic activity is in Tennessee and the Virginia portion is not reported separately. All of the MSAs experienced negative growth in fiscal year 2010. Northern Virginia, the largest metropolitan area, faired best among the ten, but nonetheless, it experienced a decline of 1.0 percent in fiscal year 2010.

Figure 3
Nonfarm Payroll Employment of Virginia MSAs
Fiscal Year 2006 – Fiscal Year 2010

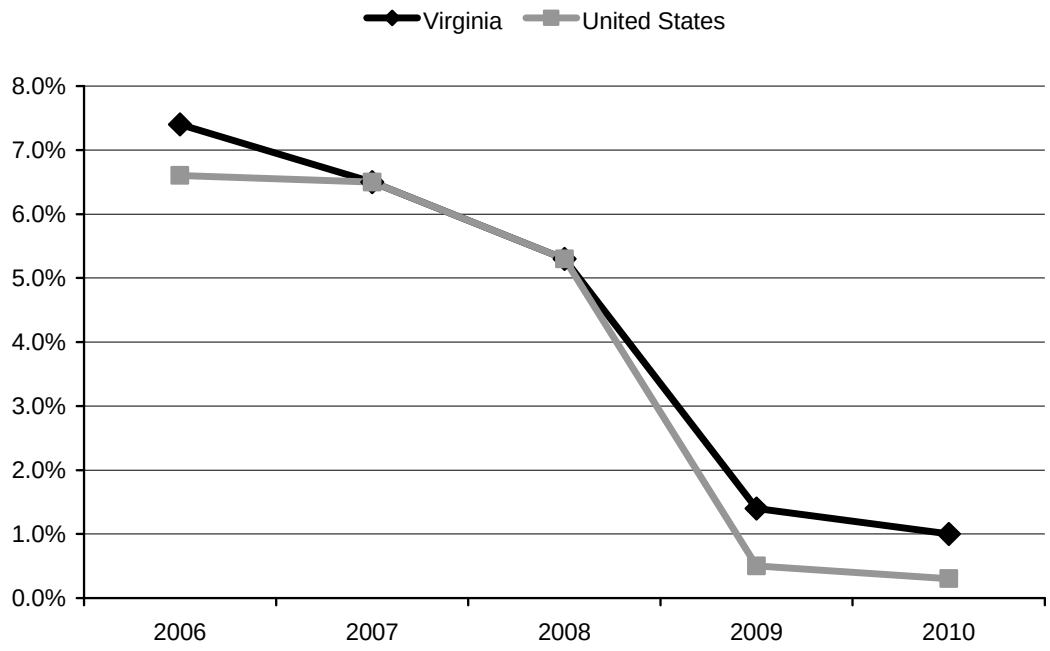
	Percent Change				
Area	**2006**	**2007**	**2008**	**2009**	**2010**
Virginia	2.1	1.2	0.6	(1.6)	(2.5)
Metropolitan areas [(a)]	2.3	1.4	0.4	(1.6)	(2.2)
Blacksburg-Christiansburg-Radford	1.0	(0.6)	-	(0.6)	(2.8)
Charlottesville	3.8	4.0	1.4	(1.6)	(2.2)
Danville	0.4	(6.3)	0.4	(1.4)	(3.7)
Harrisonburg	2.3	3.6	(1.4)	(1.7)	(1.3)
Lynchburg	2.2	1.5	1.1	(1.9)	(3.0)
Northern Virginia	3.4	1.6	0.8	(0.9)	(1.0)
Richmond	1.5	1.8	0.3	(2.0)	(3.7)
Roanoke	2.3	1.2	(0.1)	(2.3)	(3.3)
Virginia Beach-Norfolk-Newport News [(b)]	1.2	0.8	0.2	(2.4)	(2.6)
Winchester [(c)]	3.7	2.9	(2.0)	(3.5)	(3.9)

Source: U. S. Bureau of Labor Statistics
(a) Excludes Kingsport-Bristol MSA, most of which is located in Tennessee
(b) Includes portion in North Carolina
(c) Includes portion in West Virginia

Personal Income

Personal income is the most comprehensive dollar measure of the Virginia economy that is currently available for the period under review. (Gross domestic product (GDP) by state is a broader measure, but the most recent data available are for calendar year 2008.) Developments in personal income have a strong impact on state government revenues since collections from the individual income tax and other taxes are related directly or closely to personal income. In fiscal year 2010, Virginia personal income in current dollars grew by only 1.0 percent. As shown in **Figure 4**, this was slightly better than the 0.3 percent growth for the nation, but substantially less than in the three years prior to fiscal year 2009. In fact, measured in both current and constant dollars, Virginia's personal income growth was lower in fiscal years 2009 and 2010 than in all other fiscal years since fiscal year 1970, the initial year that the Bureau of Economic Analysis published state quarterly income estimates – the series used to develop fiscal year estimates of personal income. Fiscal year 2010 was the first year with negative real growth. Virginia's constant dollar personal income, computed using a price index called the personal consumption expenditure deflator, fell by 0.3 percent.

Figure 4
Percentage Change in Personal Income
Fiscal Year 2006 – Fiscal Year 2010



Source: U. S. Bureau of Economic Analysis Regional Economic Information System

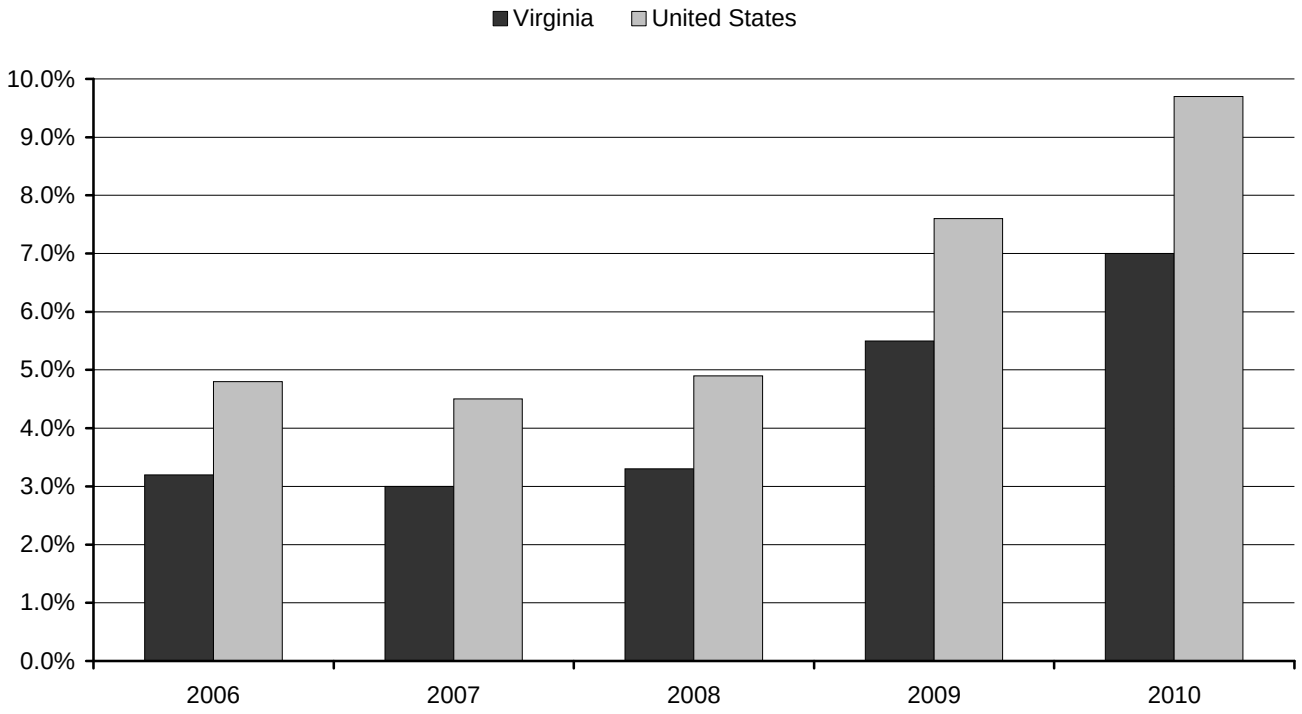
There are three major components of personal income. The first and largest is net earnings by place of residence, which is the sum of wages and salaries and proprietors' income. In fiscal year 2010, Virginia's net earnings rose by 0.8 percent, a paltry increase, but better than the national average of -1.3 percent. Dividends, interest, and rent decreased by 4.8 percent for Virginia, similar to the 4.1 percent national decline. Income transfers, which are mainly benefits from Social Security, Medicare and Medicaid, public income maintenance programs, and unemployment insurance, grew by 9.9 percent in Virginia and 11.3 percent nationally. Thus, had it not been for transfer payments, Virginia's total personal income would have declined in fiscal year 2010.

Net earnings are a major contributor to Virginia's individual income tax collections. Dividends, interest and rent are also important. Many transfer payments are not taxable or they are received by elderly persons with incomes below filing thresholds. Personal income does not include net realized capital gains, a volatile component of individual taxable income.

Unemployment

High and enduring unemployment has characterized the Great Recession. Thus, it is not surprising that the Commonwealth's unemployment rate has risen in recent years. After a small rise in fiscal year 2008, the rate moved up sharply in fiscal year 2009 and then again in fiscal year 2010, reaching 7 percent as shown in **Figure 5.** Nonetheless, Virginia's unemployment rate was much lower than the national average of 9.7 percent.

Figure 5
Civilian Unemployment Rate
Fiscal Year 2006 – Fiscal Year 2010



Source: U.S. Bureau of Labor Statistics and Virginia Employment Commission

As shown in **Figure 6,** each of Virginia's 11 MSAs except for Northern Virginia experienced an increase in unemployment in fiscal year 2010. Among the metropolitan areas, the lowest unemployment rates were in Northern Virginia (5.1 percent) and Charlottesville (5.9 percent). By far the highest rate was in Danville (11.9 percent), an area in the southern part of the state that has experienced a large decline in its manufacturing base.

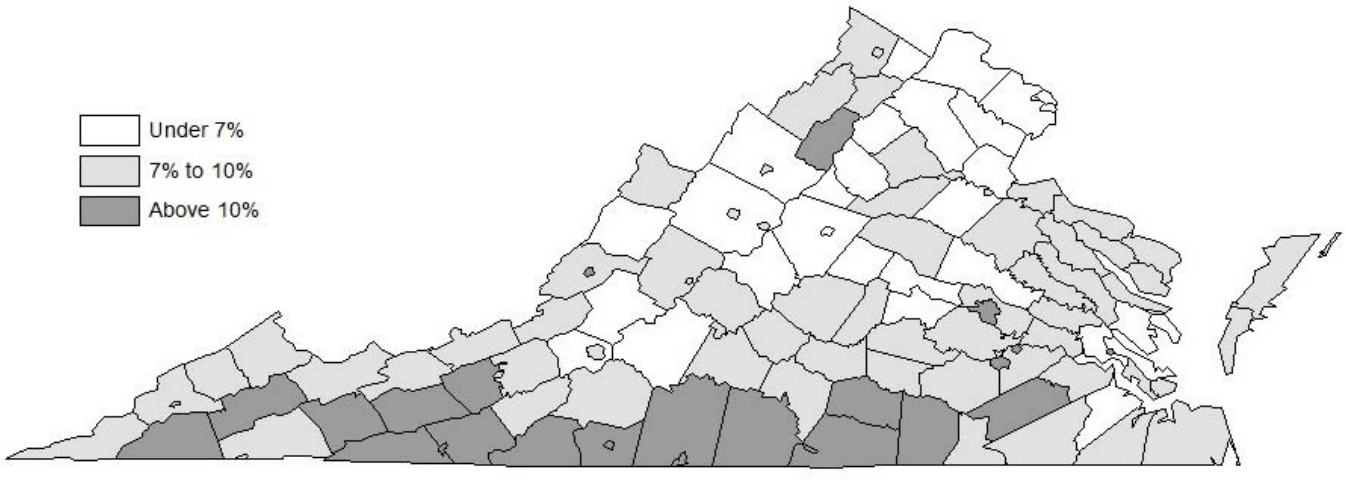
Figure 6
Civilian Unemployment Rates of Virginia MSAs
Fiscal Year 2006 – Fiscal Year 2010

	Unemployment Rate (Percent)				
Area	**2006**	**2007**	**2008**	**2009**	**2010**
Virginia	3.2	3.0	3.3	5.5	7.0
Metropolitan areas					
Blacksburg-Christiansburg-Radford	3.6	3.6	4.0	6.9	8.4
Charlottesville	2.8	2.4	2.7	4.6	5.9
Danville	7.1	6.6	6.3	10.2	11.9
Harrisonburg	2.9	2.5	2.9	5.1	6.4
Kingsport-Bristol *	4.6	4.4	4.7	7.1	9.3
Lynchburg	3.6	3.3	3.5	5.9	7.7
Northern Virginia	2.2	2.5	4.1	5.2	5.1
Richmond	3.4	3.1	3.5	5.9	7.9
Roanoke	3.2	3.0	3.3	5.6	7.6
Virginia Beach-Norfolk-Newport News, VA-NC	3.5	3.2	3.5	5.6	7.3
Winchester *	2.6	2.8	3.4	6.3	7.5

Source: U.S. Bureau of Labor Statistics and Virginia Employment Commission
* Excludes non-Virginia portion

Another way to look at unemployment is to examine it for each of the 95 counties and 39 independent cities. In Virginia, independent cities have the same political status as counties; they are not subordinate to counties. **Figure 7** shows city and county unemployment rates for fiscal year 2010. Many of the 37 localities in the lowest unemployment classification (under 7 percent) were located in Northern Virginia. The 70 cities and counties in the middle category (7 to 10 percent) covered most of the state except for Southside and Southwest Virginia. Those regions accounted for most of the 27 localities with unemployment above 10 percent.

Figure 7
Unemployment Rate by Locality
Fiscal Year 2010

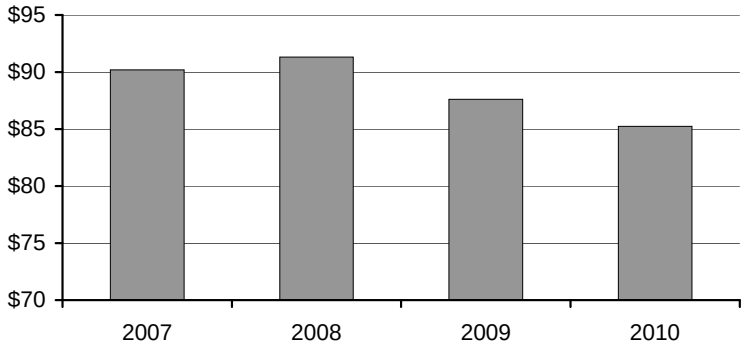


Source: Virginia Employment Commission

Taxable Sales

Current data on retail sales are not produced for states. Nevertheless, information on taxable sales under the Virginia sales and use tax is available. The taxable sales series serves as a very rough proxy for retail sales. However, the data do not include motor vehicle and motor fuel sales and, unlike the Bureau of the Census information on retail sales, taxable sales also include restaurants and lodging places. Comparable annual data on Virginia taxable sales are available for fiscal years 2007 through 2010. During fiscal year 2006, the Commonwealth changed its reporting methodology with the result that data for years prior to fiscal year 2007 are not comparable. Virginia taxable sales dropped by 2.7 percent in fiscal year 2010 following a decline of 4.1 percent in the previous year as shown in **Figure 8**. Adjusted for inflation, taxable sales dropped 5.5 percent in fiscal year 2009 and fell an additional 3.9 percent in fiscal year 2010. (The personal consumption expenditures price index was used for the inflation adjustment.)

Figure 8
Virginia Taxable Sales
Fiscal Year 2007 – Fiscal Year 2010
(Dollars in Billions)

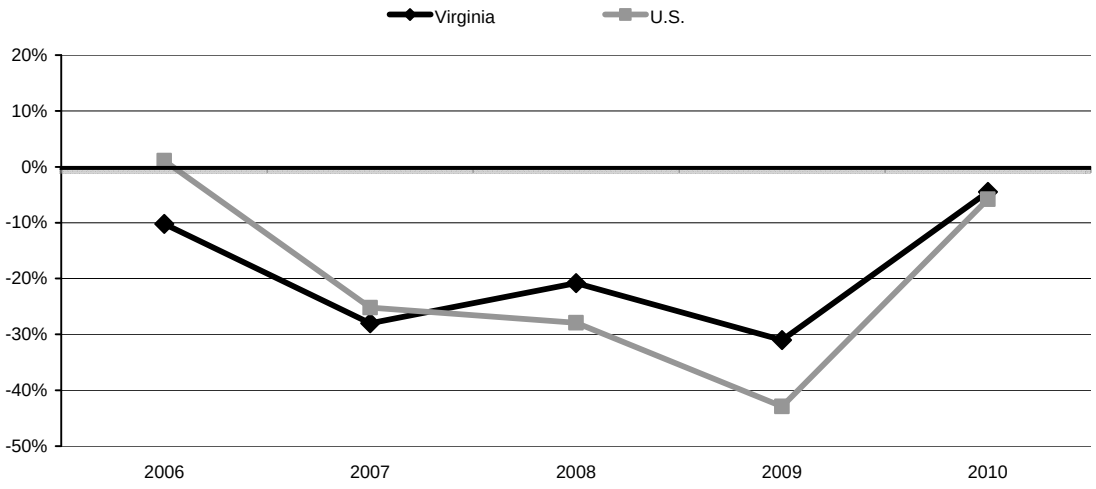


Source: Virginia Department of Taxation

Housing Market

New privately owned housing units authorized peaked nationally in fiscal year 2006. Afterward, housing units authorized plummeted, with double-digit relative declines in fiscal years 2007, 2008, and 2009 for Virginia and the nation, with the most severe declines nationally. In fiscal year 2010, partly due to federal housing tax credits, the hemorrhaging slowed, but there were still declines of 4.5 percent for Virginia and 5.8 percent for the nation (**Figure 9**).

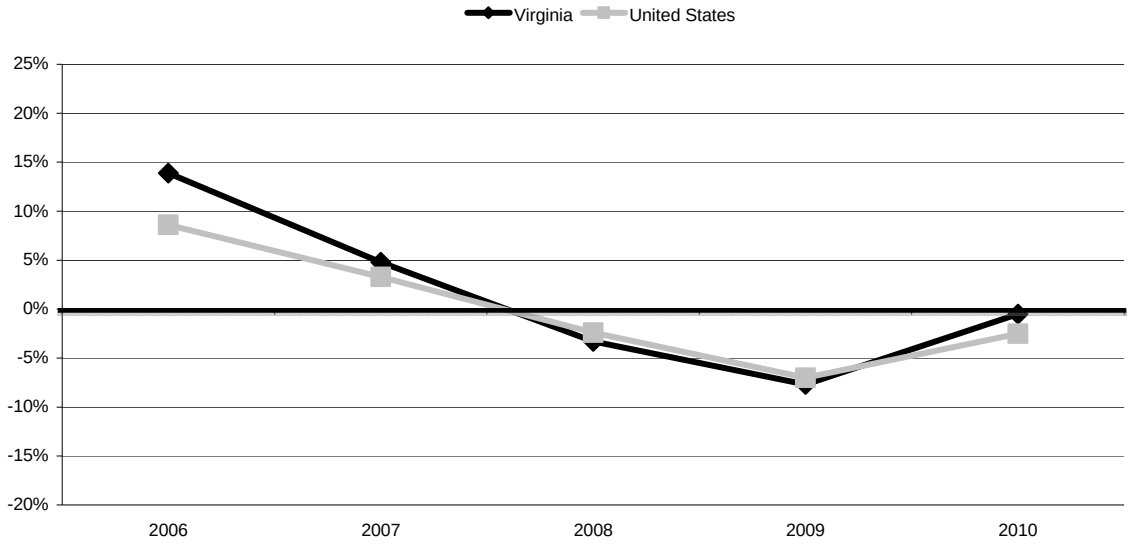
Figure 9
New Privately Owned Housing Units Authorized,
Annual Percentage Change
Fiscal Year 2006 – Fiscal Year 2010



Source: U. S. Bureau of the Census

Another indicator of the severity of the housing slump is the series on house prices published by the Federal Housing Finance Agency. As shown in **Figure 10**, the fiscal year 2010 price index for existing houses in Virginia declined by 0.6 percent after a much more severe decline than in the preceding year. The national index also showed improvement. Even so, both the state and national indexes have been in negative territory since fiscal year 2007.

Figure 10
Percentage Change in House Prices
Fiscal Year 2006 – Fiscal Year 2010



Source: Office of Federal Housing Enterprise Oversight

Conclusion

Fiscal year 2010 was another difficult year for Virginia and the rest of the nation as the Great Recession, the most severe economic downturn since the Great Depression of the 1930s, ran its course. Compared to national averages for major economic measures, the Commonwealth generally faired better than the nation, a result stemming from Virginia's proximity to the nation's capital, its importance as a defense contractor and base assignment for many military personnel, the positive role of the deepwater port at Hampton Roads, the state's strategic location on the eastern seaboard, and its friendly business climate.

MAJOR INITIATIVES

The CAFR has received unqualified audit opinions from fiscal year 1986 through fiscal year 2009. During this period, the Commonwealth has also received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. While we are very proud of these unqualified audit opinions and awards, we must be mindful of the fact that they are not automatic. The successes of the State Comptroller's office are directly attributable not only to the professionalism, experience and integrity of the State Comptroller's technical and accounting personnel, but also to the professionalism, experience and integrity of the financial and accounting personnel throughout the Commonwealth. These major initiatives will support efforts to continue our legacy of quality financial management.

LONG-TERM FINANCIAL PLANNING

In 1992, an amendment to the *Constitution of Virginia* required the establishment of a Revenue Stabilization Fund. Annually, revenue collections are evaluated to determine whether deposits are required to the Fund. Withdrawals can only occur if the general fund revenues appropriated exceed the revised general fund revenue forecast by more than two percent of the certified tax revenues collected in the most recently ended fiscal year. Additionally, a withdrawal from the Fund cannot compensate for more than one-half of the difference between the general fund appropriations and revised estimate nor can it exceed more than one-half of the Fund balance. The Commonwealth authorized a withdrawal from the Fund in fiscal year 2010. Additionally, in November 2010, the Virginia voters approved a constitutional amendment to increase Fund's maximum deposit limit. Refer to pages 34 and 91 for additional information.

ENTERPRISE APPLICATION PROJECT

The Cardinal Project represents a shared vision between the offices of the Secretary of Transportation, Secretary of Finance and the Virginia Information Technologies Agency to replace the Commonwealth's financial system (CARS) and the Virginia Department of Transportation's (VDOT) financial system with a modern enterprise wide financial system (base financial system). The base financial system will provide a solid foundation for the Commonwealth to expand system functionality and facilitate better integration of key administrative systems across the state. This foundation will enable the Commonwealth to re-engineer activities to include taking advantage of shared services, increasing functionality for better fiscal management, and reducing redundant agency financial systems and related cost. The Cardinal project will implement the base financial system in two phases. The first phase implements VDOT's financial system on July 1, 2011, and the second phase implements the Commonwealth's base financial system at the Department of Accounts (DOA) on July 1, 2012. A future phase of the project includes rolling Cardinal out to all other state agencies, at which time CARS and potentially other redundant financial systems could be retired. DOA has representation on the Steering Committee and has assigned full-time resources to this project.

AMERICAN RECOVERY AND REINVESTMENT ACT

In February 2009, the United States Congress and the President passed the American Recovery and Reinvestment Act (ARRA) to help facilitate recovery for the nation's economy. In order to provide reporting transparency and appropriate use of these monies, stringent reporting requirements accompanied these federal funds. In order to help ensure the Commonwealth complied with the ARRA reporting requirements, the Comptroller's staff facilitated collaboration through a variety of communications with fiscal officers throughout the Commonwealth and modified the General Ledger to allow separate reporting for each individual ARRA grant. Further, the Comptroller's staff performed validation reviews of information being reported to the Office of Management and Budget throughout fiscal year 2010.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth for its CAFR for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Commonwealth has received a Certificate of Achievement for the last 24 consecutive years (fiscal years 1986-2009). I believe that this year's report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

This report could not have been prepared without the full cooperation of all state agencies within the Executive Branch, the Legislature, the Judiciary, the Component Units, and especially the dedication and professionalism of the financial reporting staff in the Department of Accounts.

Respectfully submitted,

David A. Von Moll
Comptroller of the Commonwealth of Virginia

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

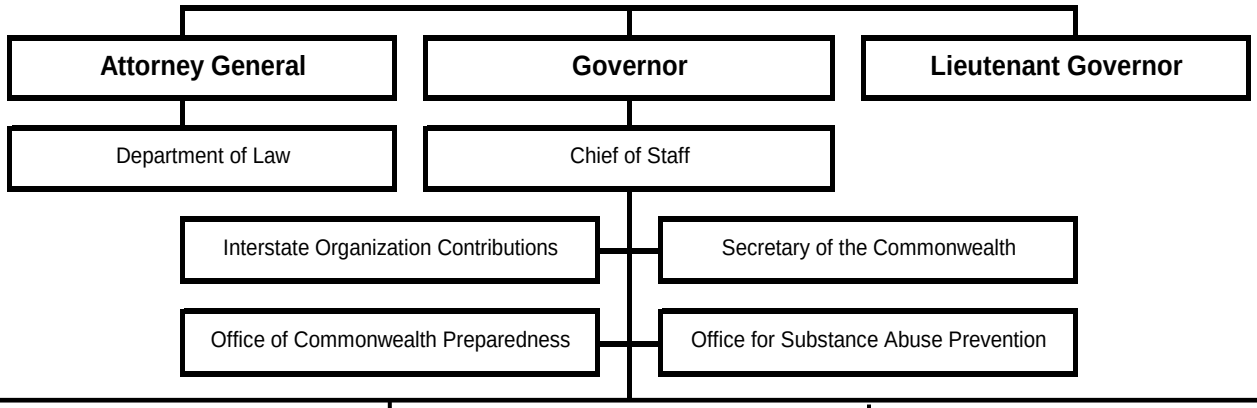
President

Executive Director

Organization Charts

Organization of Executive Branch of Government

As of June 30, 2010



Secretary of Administration
Compensation Board
Commonwealth Competition Council
Department of Employment Dispute Resolution
Department of General Services
Department of Human Resource Management
Department of Minority Business Enterprise
Human Rights Council
State Board of Elections

Secretary of Agriculture and Forestry
Agricultural Council
Department of Agriculture and Consumer Services
Department of Forestry

Secretary of Commerce and Trade
Board of Accountancy
Department of Business Assistance
Department of Housing and Community Development
Department of Labor and Industry
Department of Mines, Minerals and Energy
Department of Professional and Occupational Regulation
Virginia Economic Development Partnership
Virginia Employment Commission
Virginia National Defense Industrial Authority
Virginia Racing Commission
Virginia Tourism Authority

Secretary of Natural Resources
Chippokes Plantation Farm Foundation
Department of Conservation and Recreation
Department of Environmental Quality
Department of Game and Inland Fisheries
Department of Historic Resources
Marine Resources Commission
Virginia Museum of Natural History

Secretary of Education
Christopher Newport University
Department of Education
Frontier Culture Museum of Virginia
George Mason University
Gunston Hall
Higher Education Tuition Moderation Incentive Fund
Higher Education Research Initiative
Institute for Advanced Learning and Research
James Madison University
Jamestown-Yorktown Foundation
Longwood University
New College Institute
Norfolk State University
Old Dominion University
Radford University
Richard Bland College
Roanoke Higher Education Authority
Southern Virginia Higher Education Center
Southwest Virginia Higher Education Center
State Council of Higher Education for Virginia
The College of William and Mary
The Library of Virginia
The Science Museum of Virginia
University of Mary Washington
University of Virginia
Virginia College Building Authority
Virginia Commission for the Arts
Virginia Commonwealth University
Virginia Community College System
Virginia Institute of Marine Science
Virginia Military Institute
Virginia Museum of Fine Arts
Virginia Polytechnic Institute and State University
Virginia School for the Deaf and Blind
Virginia State University

Secretary of Finance
Department of Accounts
Department of Planning and Budget
Department of Taxation
Department of the Treasury
Treasury Board

Secretary of Health and Human Resources
Comprehensive Services for At-Risk Youth and Families
Department for the Aging
Department for the Blind and Vision Impaired
Department for the Deaf and Hard-of-Hearing
Department of Behavioral Health and Developmental Services
Department of Health
Department of Health Professions
Department of Medical Assistance Services
Department of Rehabilitative Services
Department of Social Services
Virginia Board for People with Disabilities
Virginia Rehabilitation Center for the Blind and Vision Impaired
Woodrow Wilson Rehabilitation Center

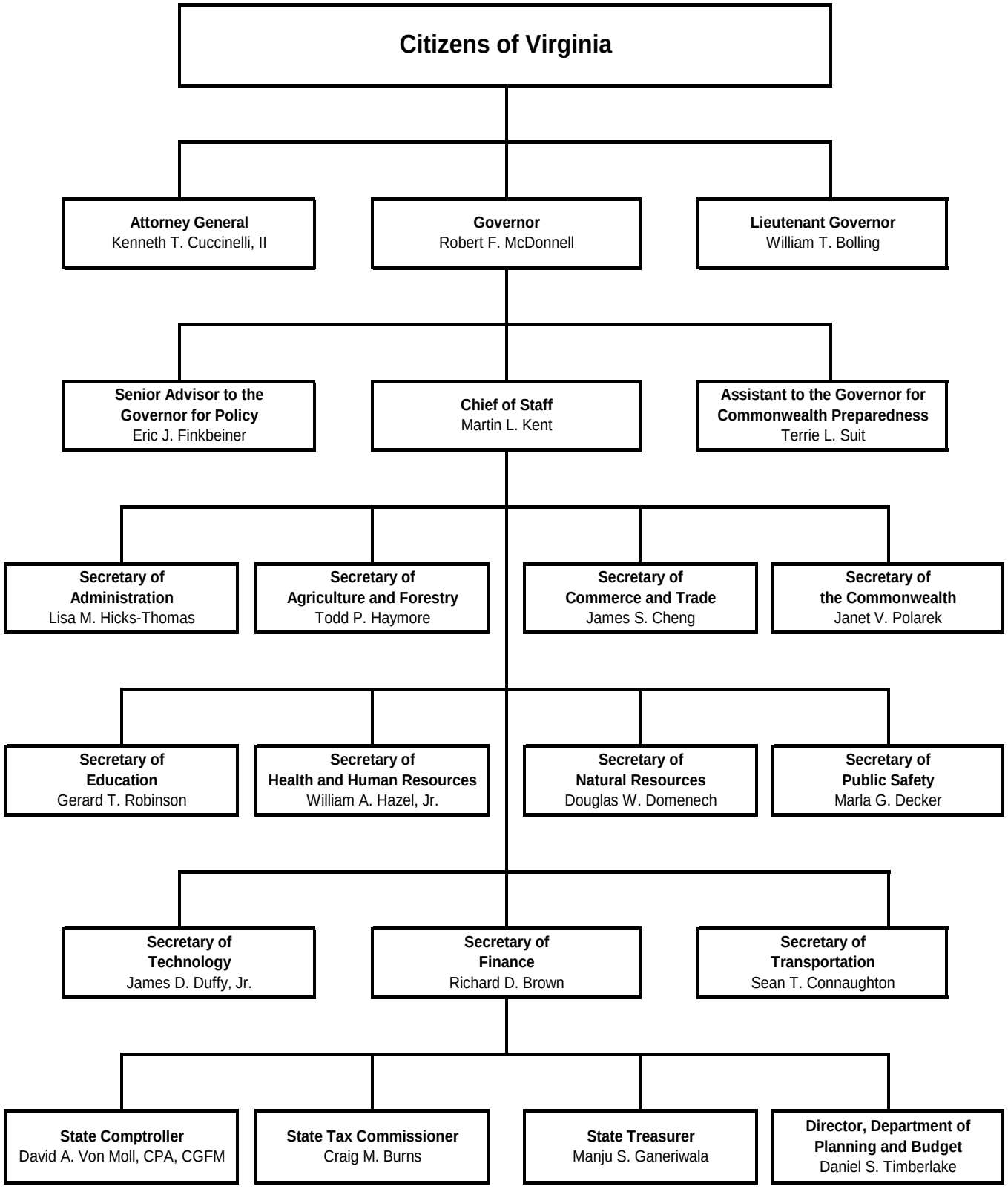
Secretary of Public Safety
Commonwealth's Attorneys' Services Council
Department of Alcoholic Beverage Control
Department of Correctional Education
Department of Corrections
Department of Criminal Justice Services
Department of Emergency Management
Department of Fire Programs
Department of Forensic Science
Department of Juvenile Justice
Department of Military Affairs
Department of State Police
Department of Veterans Services
Virginia Correctional Enterprises
Virginia Parole Board

Secretary of Technology
Innovation and Entrepreneurship Investment Authority
Virginia Information Technologies Agency

Secretary of Transportation
Department of Aviation
Department of Motor Vehicles
Department of Rail and Public Transportation
Department of Transportation
Motor Vehicle Dealer Board
Towing and Recovery Operators
Virginia Port Authority

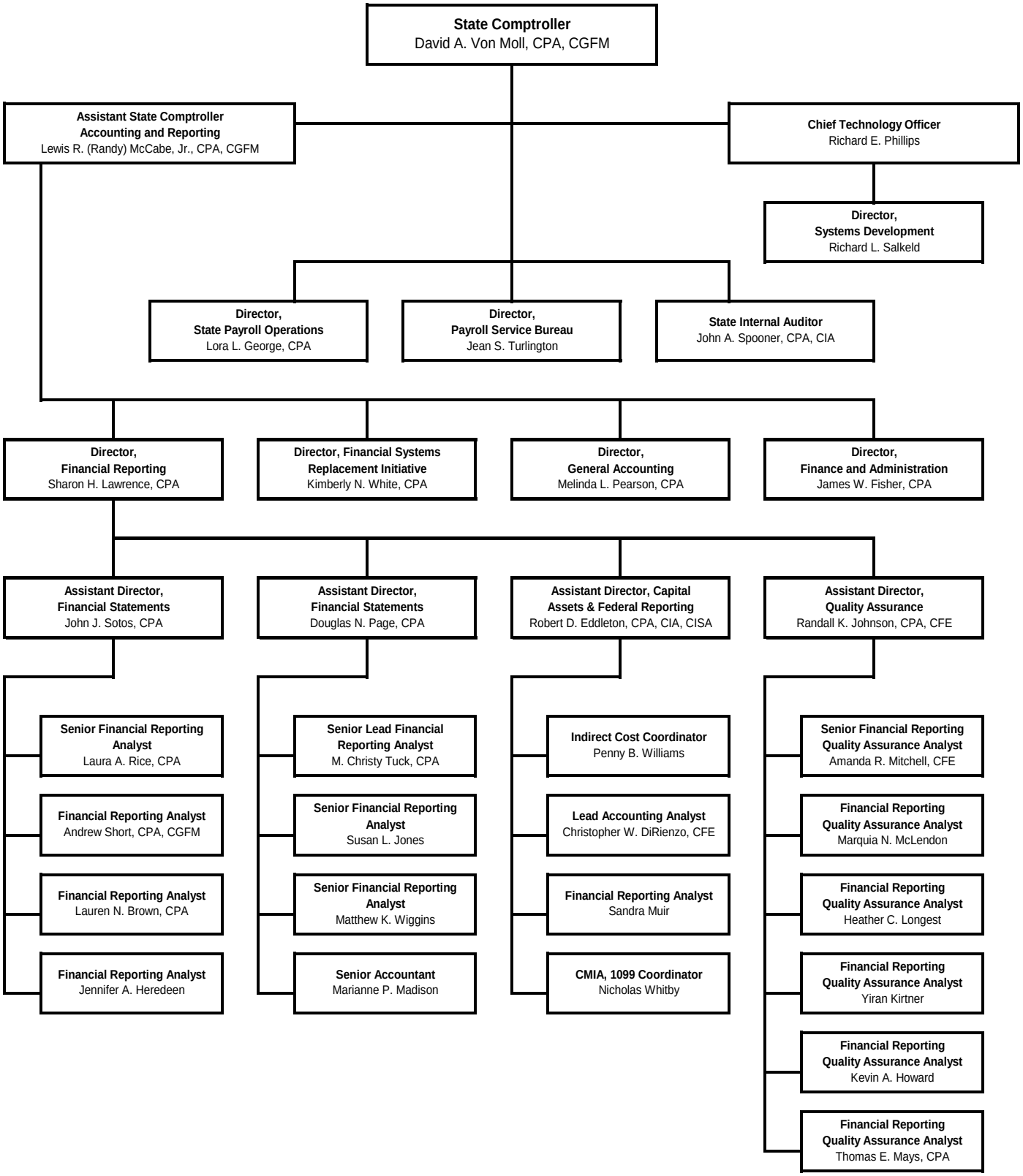
Organization of Government
Selected Government Officials - Executive Branch

As of December 15, 2010



Organization of the Department of Accounts

As of December 15, 2010



FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Combining and Individual Fund Statements and Schedules

Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

December 14, 2010

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgin
Chairman, Joint Legislative Audit and Review Commission

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia, as of and for the year ended June 30, 2010, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commonwealth of Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain components units of the Commonwealth discussed in Note 1.B., which represent 33.72 percent, 21.64 percent, and 9.11 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain component units discussed in Note 1.B. is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Hampton Roads Sanitation District Commission, Science Museum of Virginia Foundation, Virginia Museum of Fine Arts Foundation, Danville Science Center, Inc, Virginia Horse Center Foundation, and Virginia Sesquicentennial of the American Civil War Commission, which were audited by other auditors upon whose reports we are relying, were audited in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Virginia as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison schedule, funding progress for defined benefit pension plans, schedule of employer contributions for defined benefit pension plans, funding progress for other post-employment benefit plans, schedule of employer contributions for other post-employment benefit plans, and claims development information on pages 27 through 37 and 168 through 182 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth of Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, our report dated December 14, 2010, on our consideration of the Commonwealth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters is issued under separate cover in the Commonwealth of Virginia Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

WALTER J. KUCHARSKI
AUDITOR OF PUBLIC ACCOUNTS

Management's Discussion and Analysis
(Unaudited)

The following is a discussion and analysis of the Commonwealth of Virginia's (the Commonwealth) financial performance, including an overview and analysis of the financial activities of the Commonwealth for the fiscal year ended June 30, 2010. Readers should consider this information in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the Commonwealth's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

Government-wide Highlights

The primary government's assets exceeded its liabilities at June 30, 2010, by $16.6 billion. Net assets of governmental activities increased by $589.4 million and net assets of business-type activities decreased by $337.9 million. Component units reported an increase in net assets of $1.0 billion from June 30, 2009.

Fund Highlights

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of $2.6 billion, a decrease of $154.2 million in comparison with the prior year. Of this total fund balance, $1.7 billion represents unreserved fund balance and the remaining $910.1 million represents amounts reserved for specific purposes, such as the Revenue Stabilization Fund. The enterprise funds reported deficit net assets at June 30, 2010, of $120.1 million, a decrease of $336.7 million during the year which is primarily attributable to the Unemployment Compensation Fund. See page 33 for additional information.

While the General Fund actual revenues for fiscal year 2010 increased $72.5 million over the prior year, the General Fund recognized lower fund assets and higher fund liabilities when compared to fiscal year 2009. See page 34 for additional information.

Long-term Debt

The Commonwealth's total debt rose during the fiscal year to $31.8 billion, an increase of $2.4 billion or 8.04 percent. During the fiscal year, the Commonwealth issued new debt in the amount of $1.1 billion for the primary government and $4.4 billion for the component units. These debt issuances increased the debt balances to $9.6 billion for the primary government and $22.2 billion for component units.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Commonwealth's basic financial statements, which include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains additional required supplementary information and other information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commonwealth's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Commonwealth's financial position which helps readers determine whether the Commonwealth's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

The Statement of Net Assets (pages 40 and 41) presents information on all of the Commonwealth's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may indicate whether the financial position of the Commonwealth is improving or deteriorating.

The Statement of Activities (pages 42 through 44) presents information showing how the Commonwealth's net assets changed during fiscal year 2010. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Assets and Statement of Activities report three separate activities. These activities are described as follows:

Governmental Activities – account for functions of the Commonwealth that are primarily supported by taxes and intergovernmental revenues. The majority of the Commonwealth's basic services, such as education, individual and family services, transportation, resources and economic development, administration of justice, and general government, fall within this category.

Business-type Activities – account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. The major business-type activities of the Commonwealth include the State Lottery, Virginia College Savings Plan, and Unemployment Compensation Fund.

Discretely Presented Component Units – account for functions of legally separate entities for which the Commonwealth is financially accountable. The Commonwealth has 27 non-higher education component units and 22 higher education institutions that are reported as discretely presented component units. Information regarding the individual financial statements of the component units is presented in the notes to the financial statements.

This report includes two schedules (pages 48 and 52) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (full accrual accounting). The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Internal service funds are reported as governmental activities in the government-wide statements, but are reported as proprietary funds in the fund financial statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements, but not deferred in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but are reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commonwealth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the Commonwealth's funds can be divided into three categories: governmental, proprietary, and fiduciary. Each of these categories uses different accounting approaches. Fund financial statements begin on page 46 and provide detailed information about the major individual funds.

- **Governmental funds** – Most of the basic services provided by the Commonwealth are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Commonwealth's current needs.

  Because the focus of governmental funds is more limited than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison can help readers better understand the long-term impact of the Commonwealth's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

  The Commonwealth reports 14 individual governmental funds. Information is presented separately in the governmental fund statements for the General, Commonwealth Transportation, Federal Trust, and Literary funds, which are all considered major funds. Data from the other 10 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the combining financial statements immediately following the required supplementary information.

- **Proprietary funds** – The Commonwealth maintains two different types of proprietary funds, enterprise and internal service. These funds report activities that operate more like those of private sector business and use the full accrual basis of accounting. Enterprise funds report activities that charge fees for supplies or services to the general public like the State Lottery. Enterprise funds are reported as business-type activities on the government-wide financial statements. The enterprise funds use the full accrual basis of accounting and the only differences between amounts reported on the government-wide statements and the enterprise fund statements are due to internal service fund activity (see reconciliations on pages 54 and 56). Internal service funds report activities that charge fees for supplies and services to other Commonwealth agencies, like Fleet Management. Internal service funds are reported as governmental activities in the government-wide statements because these types of services predominantly benefit governments rather than business-type functions.

  The Commonwealth reports 23 individual proprietary funds. Information is presented separately in the proprietary fund statements for the State Lottery Department, Virginia College Savings Plan, and Unemployment Compensation Funds, all of which are considered major funds. Data from the other enterprise funds are aggregated into a single column on the fund statements. All internal service funds are aggregated into a single column on the fund statements. Individual fund data for all nonmajor proprietary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Fiduciary funds** – These funds are used to account for resources held for the benefit of parties outside the government and use the full accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because the resources of these funds are restricted and cannot be used to finance the Commonwealth's operations. The Commonwealth's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 64.

  The Commonwealth's fiduciary funds are the:

  - Private-purpose Trusts, which reports the activities for 7 separate funds and accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments;
  - Pension and Other Employee Benefit Trusts, which reports the activities of 12 separate pension and other employment retirement plans for employees;
  - Investment Trust, which accounts for the activities of the external investment pool; and,
  - Agency, which accounts for assets held on behalf of others in 19 separate funds.

  Individual fund data for all fiduciary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Component Units** – The government-wide financial statements report information for all component units aggregated in a single column. Information is provided separately in the component unit fund statements for the Virginia Housing Development Authority, Virginia Public School Authority, University of Virginia, Virginia Polytechnic Institute and State University, and Virginia Commonwealth University, all of which are considered major component units. Data from the other component units are aggregated into a single column on the fund statements. Individual fund data for all nonmajor component units is provided in the combining financial statements immediately following the required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles fund balances at June 30. It also includes information concerning the Commonwealth's funding progress for pension and other postemployment benefits, as well as trend information for Commonwealth-managed risk pools.

Other Information

The combining statements referred to earlier in connection with nonmajor funds and component units can be found beginning on page 183 of this report. The individual fund information is aggregated into a single total on the combining financial statements, which carries forward to the fund financial statements.

Government-wide Financial Analysis

The primary government's assets exceeded its liabilities by $16.6 billion during the fiscal year. The net assets of the governmental activities increased $589.4 million or 3.7 percent, primarily due to increases to capital assets offset by decreases in current and other assets as discussed further on pages 35 and 36. Business-type activities had a decrease of $337.9 million or 156.8 percent, primarily due to a decrease for the Unemployment Compensation Fund. The government-wide beginning balance was restated primarily for the implementation of GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets*, to arrive at a restated beginning balance of $16.3 billion.

Figure 11
Net Assets as of June 30, 2010 and 2009
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009 as restated	2010	2009	2010	2009 as restated
Current and other assets	$ 8,238,212	$ 8,356,433	$ 2,978,742	$ 2,920,608	$ 11,216,954	$ 11,277,041
Capital assets	21,127,054	19,724,515	32,121	25,740	21,159,175	19,750,255
Total assets	29,365,266	28,080,948	3,010,863	2,946,348	32,376,129	31,027,296
Long-term liabilities outstanding	7,248,690	6,469,039	2,389,594	2,239,130	9,638,284	8,708,169
Other liabilities	5,419,077	5,503,854	743,633	491,709	6,162,710	5,995,563
Total liabilities	12,667,767	11,972,893	3,133,227	2,730,839	15,800,994	14,703,732
Net assets:						
Invested in capital assets, net of related debt	17,424,092	16,241,632	30,526	22,856	17,454,618	16,264,488
Restricted	1,160,120	1,421,086	15,730	372,274	1,175,850	1,793,360
Unrestricted	(1,886,713)	(1,554,663)	(168,620)	(179,621)	(2,055,333)	(1,734,284)
Total net assets	$ 16,697,499	$ 16,108,055	$ (122,364)	$ 215,509	$ 16,575,135	$ 16,323,564

The largest portion of the primary government's net assets reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements and software), less any related outstanding debt used to acquire those assets. These assets are recorded net of depreciation in the financial statements. The primary government uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the primary government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (**Figure 11**). The investment in capital assets amount exceeds total net assets due to a negative unrestricted net asset amount unrelated to capital assets.

An additional portion of the primary government's net assets represents restricted net assets. These resources are subject to external restrictions or constitutional provisions specifying how they may be used. The remaining balance of ($2.0 billion) is unrestricted net assets (**Figure 11**).

Approximately 47.8 percent of the primary government's total revenue came from taxes. While the primary government's expenses cover many services, the largest expenses are for education and individual and family services. General revenues normally fund governmental activities. For fiscal year 2010, governmental program expenses exceeded governmental program and general revenue by $8.0 million. Program revenues exceeded expenses from business-type activities by $247.6 million. The following condensed financial information (**Figure 12**) was derived from the Government-wide Statement of Activities and provides detail regarding the change in net assets (see page 42).

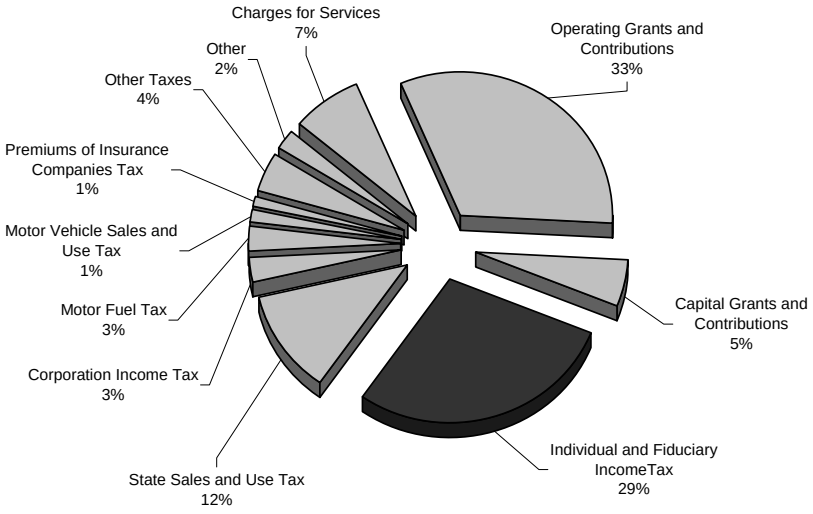
Figure 12
Changes in Net Assets for the Fiscal Years Ended June 30, 2010 and 2009
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009 as restated	2010	2009	2010	2009 as restated
Revenues:						
Program Revenues:						
Charges for Services	$ 2,264,136	$ 2,294,236	$ 3,279,750	$ 2,517,206	$ 5,543,886	$ 4,811,442
Operating Grants and Contributions	9,951,302	7,583,725	4,237	104,868	9,955,539	7,688,593
Capital Grants and Contributions	1,603,355	996,875	-	-	1,603,355	996,875
General Revenues:						
Taxes:						
Individual and Fiduciary Income	8,778,749	9,558,764	-	-	8,778,749	9,558,764
State Sales and Use	3,568,878	3,553,675	-	-	3,568,878	3,553,675
Corporation Income	845,989	545,800	-	-	845,989	545,800
Motor Fuel	890,872	889,245	-	-	890,872	889,245
Motor Vehicle Sales and Use	439,889	406,400	-	-	439,889	406,400
Communications Sales and Use	455,609	448,750	-	-	455,609	448,750
Deeds, Contracts, Wills, and Suits	325,920	350,614	-	-	325,920	350,614
Premiums of Insurance Companies	414,165	365,404	-	-	414,165	365,404
Alcoholic Beverage Sales Tax	111,293	109,643	-	-	111,293	109,643
Tobacco Products	177,483	182,484	-	-	177,483	182,484
Estate	6,198	3,569	-	-	6,198	3,569
Public Service Corporations	111,693	102,611	-	-	111,693	102,611
Beer and Beverage Excise	44,432	44,597	-	-	44,432	44,597
Wine and Spirits/ABC Liter	20,842	19,625	-	-	20,842	19,625
Bank Stock	24,341	21,323	-	-	24,341	21,323
Other Taxes	66,558	82,047	9,886	12,668	76,444	94,715
Unrestricted Grants and Contributions	49,187	60,001	-	-	49,187	60,001
Investment Earnings	204,786	142,557	1,786	4,550	206,572	147,107
Miscellaneous	427,422	237,423	285	599	427,707	238,022
Total Revenues	30,783,099	27,999,368	3,295,944	2,639,891	34,079,043	30,639,259
Expenses:						
General Government	2,828,740	2,987,934	-	-	2,828,740	2,987,934
Education	9,311,627	9,564,445	-	-	9,311,627	9,564,445
Transportation	2,311,563	2,785,494	-	-	2,311,563	2,785,494
Resources and Economic Development	1,106,690	1,004,818	-	-	1,106,690	1,004,818
Individual and Family Services	12,285,084	10,729,498	-	-	12,285,084	10,729,498
Administration of Justice	2,741,432	2,607,804	-	-	2,741,432	2,607,804
Interest and Charges on Long-term Debt	205,965	200,782	-	-	205,965	200,782
State Lottery	-	-	998,421	919,818	998,421	919,818
Virginia College Savings Plan	-	-	294,322	115,447	294,322	115,447
Unemployment Insurance	-	-	922,952	880,989	922,952	880,989
Alcoholic Beverage Control	-	-	469,306	466,734	469,306	466,734
Risk Management	-	-	7,123	5,814	7,123	5,814
Local Choice Health Care	-	-	231,338	231,215	231,338	231,215
Virginia Industries for the Blind	-	-	27,605	23,764	27,605	23,764
Consolidated Laboratory	-	-	6,009	6,115	6,009	6,115
eVA Procurement System	-	-	18,476	18,009	18,476	18,009
Department of Environmental Quality Title V	-	-	10,168	11,226	10,168	11,226
Wireless E-911	-	-	47,744	52,631	47,744	52,631
Museum and Library Gift Shops	-	-	2,054	2,130	2,054	2,130
Behavioral Health Canteen and Work Activity	-	-	853	530	853	530
Total Expenses	30,791,101	29,880,775	3,036,371	2,734,422	33,827,472	32,615,197
Excess (Deficiency) before transfers	(8,002)	(1,881,407)	259,573	(94,531)	251,571	(1,975,938)
Transfers	597,446	591,326	(597,446)	(591,326)	-	-
Increase (Decrease) in net assets	589,444	(1,290,081)	(337,873)	(685,857)	251,571	(1,975,938)
Net assets, July 1, as restated	16,108,055	17,398,136	215,509	901,366	16,323,564	18,299,502
Net assets (deficit), June 30	$ 16,697,499	$ 16,108,055	$ (122,364)	$ 215,509	$ 16,575,135	$ 16,323,564

Governmental Activities Revenues

Figure 13 is a graphical representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues increased by $2.8 billion, or 9.9 percent. The net increase is mainly attributable to overall increases in revenue, primarily due to increases in the Federal Trust Fund, which are discussed on page 35.

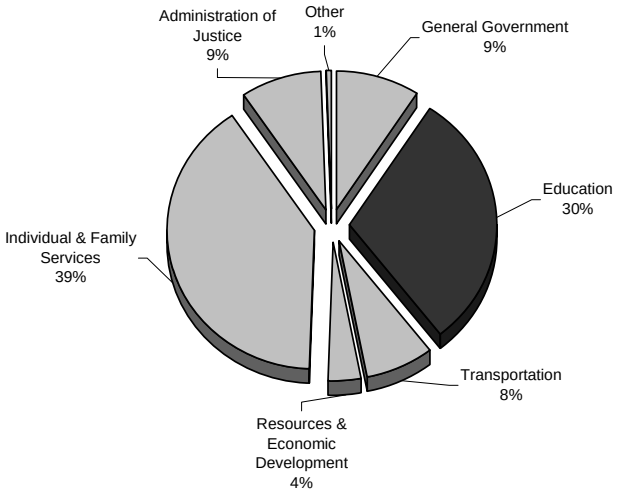
Figure 13
Revenues by Source – Governmental Activities
Fiscal Year 2010



Governmental Activities Expenses

Figure 14 is a graphical representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by $910.3 million or 3.1 percent. The majority of the increase is related to individual and family services expenses funded by increased federal support, which is discussed further on page 35.

Figure 14
Expenses by Type – Governmental Activities
Fiscal Year 2010



Net Assets of Business-type Activities

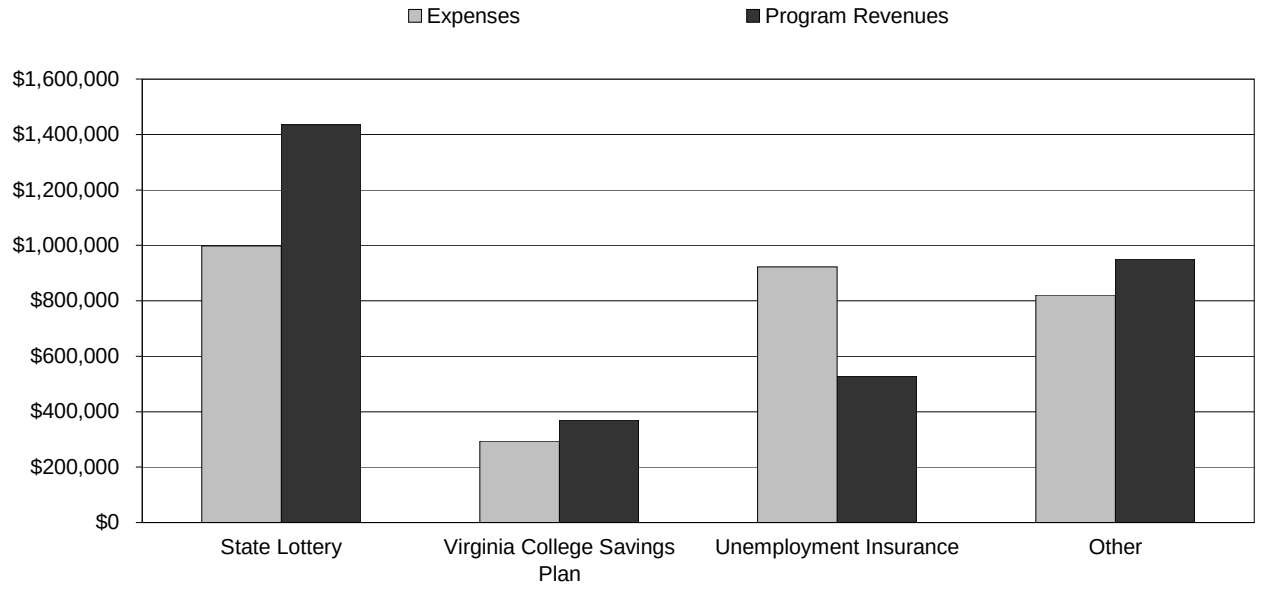
Net assets of business-type activities decreased by $337.9 million during the fiscal year. Highlights of the changes in net assets for the major enterprise funds were as follows:

- Lottery sales were $1.4 billion, consistent with the prior year. Net income was $439.2 million, a decrease of $12.4 million (2.8 percent) from fiscal year 2009. Sales of scratch games increased by $20.8 million (3.0 percent) and online sales increased by $48.7 million (7.2 percent). This is offset by an increase of $78.9 million (8.6 percent) in total expenses, primarily attributable to the cost of sales and services.

- Virginia College Savings Plan's net assets increased by $75.9 million (26.6 percent). This increase in financial position is primarily attributable to stronger than anticipated investment performance as a result of the recovery of capital markets in the fiscal year and as a result of reduced future liabilities.

- Unemployment Compensation Fund net assets decreased by $408.6 million during fiscal year 2010 primarily as a result of the Virginia Unemployment Trust Fund becoming insolvent in October 2009 which required obtaining Federal repayable advances under Title XII of the Social Security Act totaling $346.9 million. The advances enabled the Fund to continue payments of benefits to claimants and accommodate an increase in unemployment claims payments. It is anticipated that additional advances will be received during fiscal year 2011. Although the overall unemployment rate remained relatively unchanged and there was no change in the maximum weekly benefit amounts, the number of exhaustions rose from 77,000 to 119,000. This increase indicates that more claimants went the full term of benefits in fiscal year 2010 than in fiscal year 2009. Additionally, the average duration increased from 13.5 weeks in June 2009 to 16.7 weeks in June 2010. These multiple influences led to total increased benefit payments of $41.5 million over the prior year.

Figure 15
Business-type Activities
Program Revenues and Expenses
For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)



Fund Statements Financial Analysis

As of the end of the fiscal year, the primary government's governmental funds reported combined ending fund balances of $2.6 billion. Of this amount, $1.7 billion, or 64.9 percent, constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to a variety of other restricted purposes, such as the Revenue Stabilization Fund, outstanding debt and capital outlay.

General Fund Highlights

The General Fund is the chief budgetary operating fund of the primary government. At the end of the current fiscal year, unreserved fund balance of the General Fund was negative $1.1 billion and reserved fund balance was $394.8 million. As discussed in Note 5, the decrease in reserved fund balance is due partially to a withdrawal of $295.0 million from the Revenue Stabilization Fund during the fiscal year to offset declining revenue. When compared to the prior year, the net change in fund balance of the General Fund is a decrease of $415.8 million.

Effective for fiscal year 2010, statutory changes required the Communication Sales and Use Tax Fund be reported as part of the General Fund for reporting purposes. Since this fund was previously reported as an agency fund, there is no beginning balance impact. However, the comparability of revenue and expense amounts are affected. Accordingly, the fiscal year 2009 information in the Management's Discussion and Analysis has been adjusted to reflect the impact of the Communication Sales and Use Tax Fund. Refer to pages 88 and 91 for additional information.

Fiscal year 2010 General Fund revenues were 2.5 percent or $376.2 million lower than fiscal year 2009 revenues. This revenue change results from increases of $414.3 million primarily attributable to corporation income taxes ($190.7 million) and interest earnings ($92.5 million) offset by decreases of $790.6 million primarily attributable to individual and fiduciary income taxes ($742.5 million).

Fiscal year 2010 expenditures decreased $1.3 billion as compared to fiscal year 2009. This was primarily attributable to decreases in education, administration of justice expenditures, and individual and family services expenditures of $1.0 billion, $165.5 million, and $104.2 million, respectively. Net other financing sources and uses increased by $91.8 million which is due to both higher transfers in and lower transfers out from nongeneral funds.

Budget Highlights

The General Fund recognized decreases in overall growth when compared to 2009. Additionally, the economic conditions contributed to a decrease in the original revenue budget by $991.1 million or 6.2 percent. This reduction was primarily attributable to decreases in the final budget for individual and fiduciary income taxes of $1.1 billion, tobacco products tax of $166.7 million, sales and use taxes of $134.7 million, and interest earnings of $51.1 million offset by an increase in the final budget for communications sales and use taxes of $446.2 million as discussed above. Total actual General Fund revenues were greater than final budgeted revenues by $279.1 million.

Total final budget expenditures were less than original budget expenditures by $404.7 million or 2.5 percent, primarily due to actions taken to reduce spending as a result of declining revenue collections. This reduction was primarily attributable to decreases in education expenditures of $819.7 million, administration of justice expenditures of $281.6 million and individual and family services expenditures of $173.8 million. Additionally, the decreases were offset by an $850.4 million increase in general government budgeted expenditures due to appropriation increases and the addition of the Virginia Communication Sales and Use Tax Fund.

The Commonwealth spent less than planned so actual expenditures were $200.2 million or 1.3 percent lower than final budget expenditures. The actual General Fund expenditures were less than budgeted in all categories as a result of actions taken to reduce spending.

Budget Outlook

In order to mitigate the effects of recent economic conditions, the Commonwealth adopted numerous budget solutions, such as, tax amnesty, accelerated sales taxes, and temporary pension funding strategy modifications (discussed further on the next page) and the receipt of additional federal funding during fiscal year 2010. In spite of the economic challenges that the Commonwealth has faced in recent years, there is planned growth in the recently adopted budget for the 2010-2012 biennium (fiscal years 2011 and 2012). Additionally, based on the most recent General Fund revenue estimate, the fiscal year 2011 revenue is projected to increase 2.6 percent over the fiscal year 2010 revenue collections. The Governor will release his amendments to the 2010-2012 biennial budget on December 17, 2010.

Pension Funding Strategy

As part of the fiscal year 2010 budgetary solution, the Commonwealth adopted modifications to the funding strategy for the Virginia Retirement System (VRS). Employer contributions attributable to the last five pay periods in fiscal year 2010 were suspended, and employer-paid member contributions for this period were deferred until fiscal year 2011. Selected nongeneral fund savings from the suspension and deferral were transferred to the General Fund prior to June 30, 2010. See page 114 for additional information.

Effective for fiscal year 2011 and fiscal year 2012, the Commonwealth has approved a VRS contribution rate that is lower than the certified rate. VRS will receive contributions computed using the lower rate from all participating funds. In certain instances, the General Fund will receive the monetary differential between the certified and approved contribution rates. Additionally, effective July 1, 2010, a new pension plan was established since the Commonwealth no longer makes the employee contributions for newly hired employees. Employees hired on or after July 1, 2010, are responsible for paying the employee's 5 percent retirement contribution.

Major Special Revenue Fund Highlights

The Commonwealth Transportation Fund ended the fiscal year with a fund balance of $2.0 billion, an increase of $579.5 million from the prior year. Approximately $2.2 billion is committed for various highway, public transportation, and rail preservation projects (see Note 19). The increase in fund balance was primarily the result of the following activities: revenues increased $156.0 million, or 4.5 percent and expenditures decreased $302.3 million, or 8.1 percent, with revenues exceeding expenditures by approximately $195.1 million. This increased activity is primarily due to increased federal funds available for construction, decreases in expenditures for highway maintenance and toll facilities operations, and bond proceeds.

The Federal Trust Fund balance decreased by $11.7 million, or 21.6 percent. Federal Grants and Contracts revenue increased by approximately $2.36 billion, or 32.3 percent. This increase was offset with an increase in total expenditures of approximately $2.34 billion, or 31.5 percent. The increases in Federal Grants and Contracts revenue were to supplement individual and family services payments due to the economic downturn and included $413.0 million for Medicaid funding, $362.7 million in food stamps, $167.4 million for unemployment insurance, and a total of $2.25 billion in American Recovery and Reinvestment Act revenue.

The Literary Fund's fund balance decreased by $47.0 million, or 23.7 percent, in fiscal year 2010 from fiscal year 2009. The decrease is the result of net disbursements exceeding net receipts by $57.3 million, offset by a cash transfer in of $10.3 million from the State Lottery representing unclaimed prizes.

Capital Asset and Long-term Debt

Capital Assets. The primary government's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to $21.2 billion (net of accumulated depreciation totaling $12.1 billion). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements, and software. Infrastructure assets are items that are normally immovable such as roads, bridges, drainage systems, and other similar assets. As noted on page 30, decreases in current and other assets offset by increases to capital assets resulted in an increase in net assets of the governmental activities of $589.4 million or 3.7 percent. The increase in the primary government's investment in capital assets was primarily attributable to increases in infrastructure of $1.2 billion related to transportation. The primary government reports equipment with a value of $50,000 or greater and an expected useful life of two or more years. The primary government capitalizes all land, buildings, infrastructure, and intangible assets that have a cost or value greater than $100,000 and an expected useful life of two or more years. Additional information on the primary government's capital assets can be found in Note 12, "Capital Assets."

Figure 16
Capital Assets as of June 30, 2010
(Net of Depreciation)
(Dollars in Thousands)

	Governmental Activities	Business-type Activities	Total
Land	$ 2,288,408	$ 1,977	$ 2,290,385
Buildings	2,043,556	7,508	2,051,064
Equipment	368,734	14,263	382,997
Water Rights / Easements	18,752	-	18,752
Infrastructure	13,076,383	-	13,076,383
Software	182,726	847	183,573
Construction in Progress	3,148,495	7,526	3,156,021
Total	$ 21,127,054	$ 32,121	$ 21,159,175

Long-term Debt. The Commonwealth is prohibited from issuing general obligation bonds for operating purposes. At the end of the current fiscal year, the Commonwealth had total debt outstanding of $31.8 billion, including total tax-supported debt of $10.6 billion and total debt not supported by taxes of $21.2 billion. Bonds backed by the full faith and credit of the government and tax-supported total $1.7 billion. Debt is considered tax supported if Commonwealth tax revenues are used or pledged for debt service payments. An additional $669.8 million is considered moral obligation debt which is not tax-supported. The Commonwealth has no direct or indirect pledge of tax revenues to fund reserve deficiencies. However, in some cases, the Commonwealth has made a moral obligation pledge to consider funding deficiencies in debt service reserves that may occur. The remainder of the Commonwealth's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

During fiscal year 2010, the Commonwealth issued $5.5 billion of new debt for various projects. $1.1 billion of the new debt was for the primary government and $4.4 billion for the component units. Additional information on the Commonwealth's outstanding debt can be found on page 137 in Note 26, "Long-Term Liabilities," as well as in the section entitled "Debt Schedules." The Commonwealth maintains a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service; Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc.; and Fitch, Inc.

State statutes limit the amount of general obligation debt the Commonwealth may issue for each specific type of debt. The 9(a) bonds, which may be issued to fund the defense of the Commonwealth; to meet casual deficits in revenue or in anticipation of the collection of revenues; or to redeem previous debt obligations, and are limited to 30 percent of 1.15 times the annual tax revenues for fiscal year 2010. The 9(b) bonds, which have been authorized by the citizens of Virginia through bond referenda to finance capital projects, are limited to 1.15 times the average of selected tax revenues for fiscal years 2008, 2009, and 2010. The 9(c) bonds, which have been issued to finance capital projects that will generate revenue upon their completion, are limited to 1.15 times the average of selected tax revenues for fiscal years 2008, 2009, and 2010. The current debt limitation for the Commonwealth is $4.5 billion, $14.6 billion, and $14.9 billion, respectively, for the 9(a), 9(b), and 9(c) general obligation bond issues. These limits significantly exceed the Commonwealth's outstanding general obligation debt. Currently, there is no 9(a) debt outstanding.

Figure 17
Outstanding Debt as of June 30, 2010
General Obligation Bonds
(Dollars in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
General obligation bonds				
9(b)	$ 999,841	$ -	$ 999,841	$ -
9(c)	49,545	-	49,545	631,275
Total	$ 1,049,386	$ -	$ 1,049,386	$ 631,275

Economic Factors and Review

In fiscal year 2010, the nation continued to suffer from what many have called "the Great Recession" which began in December 2007. The Commonwealth was not immune to this economic downtrend. Virginia's nonfarm employment growth rate fell slightly; however the national growth rate fell even lower. The Commonwealth's personal income in current dollars grew by only 1.0 percent, slightly better than the national growth, but much less than in the three previous years. Although it increased sharply in fiscal year 2010, unemployment in the Commonwealth was only 7.0 percent, substantially lower than the national average, which was 9.7 percent. Taxable sales suffered a 2.7 percent decline in fiscal year 2010 following last year's 4.1 percent decline. During fiscal year 2010, with the help of federal housing tax credits, new housing in Virginia fell by only 4.5 percent compared to 5.8 percent for the nation. The Commonwealth generally faired better than the nation when compared to national averages. For a more in-depth discussion on the Commonwealth's economy see "Economic Review" beginning on page 8.

Requests for Information

This financial report is designed to provide a general overview of the Commonwealth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State Comptroller's Office, Commonwealth of Virginia, P. O. Box 1971, Richmond, Virginia 23218. This report is also available for download from the World Wide Web. Our Internet address is www.doa.virginia.gov.

The Commonwealth's component units issue their own separate financial statements. Contact information regarding each component unit is provided in Note 1.B.

Government-wide Financial Statements

Statement of Net Assets

June 30, 2010
(Dollars in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Cash Equivalents (Notes 1 and 6)	$ 3,528,081	$ 701,101	$ 4,229,182	$ 1,921,061
Investments (Notes 1 and 6)	1,332,010	1,793,246	3,125,256	9,206,713
Receivables, Net (Notes 1 and 7)	2,504,499	482,327	2,986,826	12,299,691
Contributions Receivable, Net (Notes 1 and 8)	-	-	-	332,760
Internal Balances (Note 1)	50,724	(50,724)	-	-
Due from Primary Government (Note 9)	-	-	-	31,597
Due from Component Units (Note 9)	12,226	-	12,226	109,517
Due from External Parties (Fiduciary Funds) (Note 9)	417	-	417	-
Inventory (Note 1)	135,010	50,482	185,492	81,664
Prepaid Items (Note 1)	76,680	2,141	78,821	89,996
Other Assets (Notes 1 and 10)	6,723	169	6,892	173,454
Loans Receivable from Primary Government (Notes 1 and 9)	-	-	-	168,730
Loans Receivable from Component Units (Notes 1 and 9)	16,401	-	16,401	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	575,441	-	575,441	2,708,171
Restricted Investments (Notes 6 and 11)	-	-	-	3,730,842
Other Restricted Assets (Note 11)	-	-	-	202,160
Nondepreciable Capital Assets (Notes 1 and 12)	5,455,655	9,503	5,465,158	2,510,324
Depreciable Capital Assets, Net (Notes 1 and 12)	15,671,399	22,618	15,694,017	10,418,328
Total Assets	29,365,266	3,010,863	32,376,129	43,985,008
Deferred Outflows (Note 13)	-	-	-	62,591
Total Assets and Deferred Outflows	29,365,266	3,010,863	32,376,129	44,047,599
Liabilities				
Accounts Payable (Notes 1 and 23)	774,974	37,816	812,790	851,195
Amounts Due to Other Governments	660,251	22,900	683,151	79,097
Due to Primary Government (Note 9)	-	-	-	12,226
Due to Component Units (Note 9)	31,597	-	31,597	109,517
Due to External Parties (Fiduciary Funds) (Note 9)	46,812	1,295	48,107	23,532
Unearned Revenue (Note 1)	115,575	5,274	120,849	332,739
Obligations Under Securities Lending Program (Notes 1 and 6)	1,108,888	218,338	1,327,226	134,812
Other Liabilities (Notes 1, 13, and 24)	1,973,407	419,847	2,393,254	1,151,658
Loans Payable to Primary Government (Notes 1 and 9)	-	-	-	16,401
Loans Payable to Component Units (Notes 1 and 9)	168,730	-	168,730	-
Claims Payable (Notes 1 and 22):				
Due Within One Year	159,422	27,813	187,235	69,298
Due in More Than One Year	379,421	10,350	389,771	38,317
Long-term Liabilities (Notes 1, 20, 21, and 26):				
Due Within One Year	661,279	212,531	873,810	1,577,801
Due in More Than One Year	6,587,411	2,177,063	8,764,474	20,605,147
Total Liabilities	12,667,767	3,133,227	15,800,994	25,001,740

The accompanying notes are an integral part of this financial statement.

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Assets				
Invested in Capital Assets, Net of Related Debt	17,424,092	30,526	17,454,618	7,541,337
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	2,281,539
Permanent Funds	45,356	-	45,356	-
Other	-	-	-	93,330
Expendable:				
Higher Education	-	-	-	3,648,288
Permanent Funds	1,706	-	1,706	-
Revenue Stabilization Fund	295,159	-	295,159	-
Literary Fund	151,445	-	151,445	-
Gifts and Grants	111,132	-	111,132	46,211
Unemployment Compensation	-	15,730	15,730	-
Virginia Pooled Investment Program	-	-	-	7,248
Capital Projects/Construction/Capital Acquisition	448,576	-	448,576	1,590,542
Debt Service	105,325	-	105,325	77,124
Bond Indenture	-	-	-	2,069,281
Lottery Proceeds Fund	1,421	-	1,421	-
Other	-	-	-	24,175
Unrestricted	(1,886,713)	(168,620)	(2,055,333)	1,666,784
Total Net Assets (Deficit)	$ 16,697,499	$ (122,364)	$ 16,575,135	$ 19,045,859

Statement of Activities

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	$ 2,828,740	$ 248,345	$ 146,319	$ 4,303
Education	9,311,627	380,125	1,434,131	6,056
Transportation	2,311,563	610,567	37,247	1,570,053
Resources and Economic Development	1,106,690	306,412	265,761	22,896
Individual and Family Services	12,285,084	410,731	8,002,054	47
Administration of Justice	2,741,432	307,956	65,790	-
Interest and Charges on Long-term Debt	205,965	-	-	-
Total Governmental Activities	30,791,101	2,264,136	9,951,302	1,603,355
Business-type Activities				
State Lottery	998,421	1,435,566	-	-
Virginia College Savings Plan	294,322	370,599	-	-
Unemployment Compensation	922,952	524,291	3,364	-
Alcoholic Beverage Control	469,306	584,036	873	-
Risk Management	7,123	5,494	-	-
Local Choice Health Care	231,338	240,965	-	-
Virginia Industries for the Blind	27,605	29,446	-	-
Consolidated Laboratory	6,009	7,007	-	-
eVA Procurement System	18,476	17,144	-	-
Department of Environmental Quality Title V	10,168	9,521	-	-
Wireless E-911	47,744	53,016	-	-
Museum and Library Gift Shops	2,054	2,210	-	-
Behavioral Health Canteen and Work Activity	853	455	-	-
Total Business-type Activities	3,036,371	3,279,750	4,237	-
Total Primary Government	$ 33,827,472	$ 5,543,886	$ 9,955,539	$ 1,603,355
Component Units				
Virginia Housing Development Authority	$ 657,909	$ 544,608	$ 197,585	$ -
Virginia Public School Authority	168,561	142,573	-	-
Higher Education:				
Major	6,353,543	4,513,874	1,355,818	263,358
Nonmajor	4,447,424	1,810,220	911,148	395,973
Other Nonmajor	838,586	537,929	52,818	130,410
Total Component Units	$ 12,466,023	$ 7,549,204	$ 2,517,369	$ 789,741

The accompanying notes are an integral part of this financial statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (2,429,773)	$ -	$ (2,429,773)	$ -
(7,491,315)	-	(7,491,315)	-
(93,696)	-	(93,696)	-
(511,621)	-	(511,621)	-
(3,872,252)	-	(3,872,252)	-
(2,367,686)	-	(2,367,686)	-
(205,965)	-	(205,965)	-
(16,972,308)	-	(16,972,308)	-
-	437,145	437,145	-
-	76,277	76,277	-
-	(395,297)	(395,297)	-
-	115,603	115,603	-
-	(1,629)	(1,629)	-
-	9,627	9,627	-
-	1,841	1,841	-
-	998	998	-
-	(1,332)	(1,332)	-
-	(647)	(647)	-
-	5,272	5,272	-
-	156	156	-
-	(398)	(398)	-
-	247,616	247,616	-
(16,972,308)	247,616	(16,724,692)	-
-	-	-	84,284
-	-	-	(25,988)
-	-	-	(220,493)
-	-	-	(1,330,083)
-	-	-	(117,429)
-	-	-	(1,609,709)

Continued on next page

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
General Revenues				
Taxes				
Individual and Fiduciary Income	8,778,749	-	8,778,749	-
Sales and Use	3,568,878	-	3,568,878	-
Corporation Income	845,989	-	845,989	-
Motor Fuel	890,872	-	890,872	-
Motor Vehicle Sales and Use	439,889	-	439,889	-
Communications Sales and Use	455,609	-	455,609	-
Deeds, Contracts, Wills, and Suits	325,920	-	325,920	-
Premiums of Insurance Companies	414,165	-	414,165	-
Alcoholic Beverage Sales Tax	111,293	-	111,293	-
Tobacco Products	177,483	-	177,483	-
Estate	6,198	-	6,198	-
Public Service Corporations	111,693	-	111,693	-
Beer and Beverage Excise	44,432	-	44,432	-
Wine and Spirits/ABC Liter	20,842	-	20,842	-
Bank Stock	24,341	-	24,341	-
Other Taxes	66,558	9,886	76,444	-
Operating Appropriations from Primary Government	-	-	-	1,727,766
Unrestricted Grants and Contributions	49,187	-	49,187	75,292
Investment Earnings	204,786	1,786	206,572	627,126
Miscellaneous	427,422	285	427,707	70,547
Tobacco Master Settlement	-	-	-	11,629
Transfers	597,446	(597,446)	-	-
Contributions to Permanent Funds and Endowments	-	-	-	101,330
Total General Revenues and Transfers	17,561,752	(585,489)	16,976,263	2,613,690
Change in Net Assets	589,444	(337,873)	251,571	1,003,981
Net Assets, July 1, as restated (Note 2)	16,108,055	215,509	16,323,564	18,041,878
Net Assets (Deficit), June 30	$ 16,697,499	$ (122,364)	$ 16,575,135	$ 19,045,859

The accompanying notes are an integral part of this financial statement.

Governmental Funds

General Fund

The General Fund accounts for transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources that are restricted to finance particular functions and activities of the Commonwealth.

The Commonwealth Transportation Fund accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is provided from highway user taxes, fees, and funds received from the federal government.

The Federal Trust Fund accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, and institutions of higher education. The entire fund is restricted pursuant to federal regulations. As such, a separate fund balance reservation is not reflected.

The Literary Fund accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings. The entire fund is constitutionally restricted for public schools. As such, a separate fund balance reservation is not reflected.

Nonmajor Governmental Funds include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 185 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet – Governmental Funds

June 30, 2010
(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Assets				
Cash and Cash Equivalents (Notes 1 and 6)	$ 282,900	$ 1,975,530	$ 114,784	$ 22,827
Investments (Notes 1 and 6)	1,060,114	165,548	4,243	2,768
Receivables, Net (Notes 1 and 7)	1,020,186	326,700	756,826	322,577
Due from Other Funds (Note 9)	6,391	28,116	-	-
Due from External Parties (Fiduciary Funds) (Note 9)	15	-	-	-
Interfund Receivable (Note 9)	-	-	-	-
Inventory (Note 1)	42,674	58,110	14,031	-
Prepaid Items (Note 1)	55,525	9,693	628	-
Other Assets (Notes 1 and 10)	2,431	316	2,017	-
Loans Receivable from Component Units (Notes 1 and 9)	-	-	-	-
Restricted Cash and Cash Equivalents (Notes 1, 6, and 11)	-	244,644	-	-
Total Assets	$ 2,470,236	$ 2,808,657	$ 892,529	$ 348,172
Liabilities and Fund Balances				
Accounts Payable (Notes 1 and 23)	$ 221,026	$ 233,225	$ 118,709	$ 197
Amounts Due to Other Governments	356,097	592	207,712	-
Due to Other Funds (Note 9)	47,852	13,470	7,356	-
Due to Component Units (Note 9)	8,556	-	3,611	-
Due to External Parties (Fiduciary Funds) (Note 9)	27,466	7,592	4,171	-
Interfund Payable (Note 9)	13,151	6,000	8,746	-
Deferred Revenue (Note 1)	532,932	36,672	100,159	19,896
Unearned Revenue (Note 1)	-	22,680	-	-
Deferred Taxes (Note 1)	566,899	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	445,521	472,712	12,115	7,904
Other Liabilities (Notes 1 and 24)	924,152	5,628	387,274	-
Loans Payable to Component Units (Notes 1 and 9)	-	-	-	168,730
Long-term Liabilities Due Within One Year (Notes 1, 20, and 26)	876	483	119	-
Total Liabilities	3,144,528	799,054	849,972	196,727
Fund Balances Reserved for (Note 1):				
Revenue Stabilization Fund	295,159	-	-	-
Lottery Proceeds Fund	1,421	-	-	-
Inventory	42,674	58,110	14,031	-
Prepaid Items	55,525	9,693	628	-
Debt Service	-	-	-	-
Gifts and Grants	-	30,511	-	-
Capital Acquisition / Construction	-	242,843	-	-
Fund Balances Unreserved, Reported in (Note 1):				
General Fund	(1,069,071)	-	-	-
Special Revenue Funds	-	1,668,446	27,898	151,445
Capital Projects Funds	-	-	-	-
Permanent Funds	-	-	-	-
Total Fund Balances (Deficit) (Note 3)	(674,292)	2,009,603	42,557	151,445
Total Liabilities and Fund Balances	$ 2,470,236	$ 2,808,657	$ 892,529	$ 348,172

The accompanying notes are an integral part of this financial statement.

Nonmajor Governmental Funds	Total Governmental Funds
$ 971,557	$ 3,367,598
63,117	1,295,790
58,475	2,484,764
9,101	43,608
281	296
110,202	110,202
4,881	119,696
10,684	76,530
1,855	6,619
16,401	16,401
-	244,644
$ 1,246,554	$ 7,766,148
$ 64,619	$ 637,776
686	565,087
4,890	73,568
6,041	18,208
6,862	46,091
-	27,897
13,632	703,291
11,052	33,732
-	566,899
67,210	1,005,462
4,875	1,321,929
-	168,730
411	1,889
180,278	5,170,559
-	295,159
-	1,421
4,881	119,696
10,684	76,530
105,325	105,325
38,608	69,119
-	242,843
-	(1,069,071)
653,983	2,501,772
205,733	205,733
47,062	47,062
1,066,276	2,595,589
$ 1,246,554	$ 7,766,148

Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Assets

June 30, 2010
(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds)	$	2,595,589
When capital assets (land, buildings, equipment, improvements, construction-in-progress, intangible assets, and/or infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those capital assets among the assets of the primary government as a whole.		
Non Depreciable Capital Assets		5,455,227
Depreciable Capital Assets		15,617,577
Long-term liabilities applicable to the primary government's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets.		
Tax Note		(81,278)
Pension Liability		(1,133,272)
OPEB Liability		(211,428)
Capital Lease		(76,983)
Installment Purchases		(71,843)
Compensated Absences		(313,365)
Uninsured Employer's Fund		(26,041)
Regional Jails		(6,445)
Bonds		(5,169,442)
Notes		(12,613)
Accrued Interest Payable		(79,159)
Other Obligations		(96,493)
Pollution Remediation Liability		(4,019)
Internal service funds are used by the primary government to charge costs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets.		(197,999)
Other long-term payables are not due and payable in the current period and, therefore, are not reported in the funds.		(192,111)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		701,597
Net assets of governmental activities (see Government-wide Statement of Net Assets)	$	16,697,499

The accompanying notes are an integral part of this financial statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	General	Special Revenue		
		Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	$ 14,155,824	$ 1,941,587	$ -	$ -
Rights and Privileges	68,432	526,830	-	226
Institutional Revenue	6,019	-	-	-
Interest, Dividends, Rents, and Other Investment Income	214,557	39,450	1,782	17,740
Federal Grants and Contracts	-	959,128	9,662,083	-
Other (Note 27)	418,127	150,900	68,385	181,899
Total Revenues	14,862,959	3,617,895	9,732,250	199,865
Expenditures				
Current:				
General Government	2,080,279	1,850	130,733	128
Education	7,025,480	2,405	1,522,359	257,076
Transportation	11,125	3,371,203	13,604	-
Resources and Economic Development	269,987	9,502	210,777	-
Individual and Family Services	3,967,298	-	7,690,351	-
Administration of Justice	2,121,176	8,182	169,863	-
Capital Outlay	10,515	29,701	14,663	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	15,485,860	3,422,843	9,752,350	257,204
Revenues Over (Under) Expenditures	(622,901)	195,052	(20,100)	(57,339)
Other Financing Sources (Uses)				
Transfers In (Note 31)	743,343	116,439	19,434	10,308
Transfers Out (Note 31)	(544,005)	(313,200)	(11,045)	-
Notes Issued	7,276	-	-	-
Insurance Recoveries	24	1,745	13	-
Capital Leases Initiated	438	585	-	-
Bonds Issued	-	564,860	-	-
Premium on Debt Issuance	-	9,933	-	-
Refunding Bonds Issued	-	-	-	-
Sale of Capital Assets	-	4,078	-	-
Payment to Refunded Bond Escrow Agents	-	-	-	-
Total Other Financing Sources (Uses)	207,076	384,440	8,402	10,308
Net Change in Fund Balances	(415,825)	579,492	(11,698)	(47,031)
Fund Balance (Deficit), July 1	(258,467)	1,430,111	54,255	198,476
Fund Balance (Deficit), June 30 (Note 3)	$ (674,292)	$ 2,009,603	$ 42,557	$ 151,445

The accompanying notes are an integral part of this financial statement.

Nonmajor Governmental Funds	Total Governmental Funds
$ 89,379	$ 16,186,790
274,098	869,586
397,230	403,249
20,267	293,796
7,281	10,628,492
376,190	1,195,501
1,164,445	29,577,414
93,058	2,306,048
35,138	8,842,458
5,292	3,401,224
407,172	897,438
578,390	12,236,039
99,379	2,398,600
563,979	618,858
420,202	420,202
205,739	205,739
2,408,349	31,326,606
(1,243,904)	(1,749,192)
735,039	1,624,563
(154,033)	(1,022,283)
12,638	19,914
3,271	5,053
-	1,023
375,985	940,845
34,336	44,269
123,887	123,887
-	4,078
(146,385)	(146,385)
984,738	1,594,964
(259,166)	(154,228)
1,325,442	2,749,817
$ 1,066,276	$ 2,595,589

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	$	(154,228)
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.		
Net Non-Depreciable Capital Assets		195,792
Net Depreciable Capital Assets		1,840,789
Net Depreciation Expense		(629,312)
Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Assets.		
Debt Issuance		(940,845)
Capital Lease Proceeds		(1,023)
Bond Premiums		(44,269)
Refunding Bonds Issued		(123,887)
Installment Purchase Proceeds		(19,914)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Assets.		
Debt Service Fund Repayment of Debt Principal		420,202
Repayment of Debt Principal in Other Funds:		
Installment Purchases		11,011
Regional Jails		2,633
Payment to Refunded Bond Escrow Agent is an expenditure in the governmental funds, but the refunding reduces long-term debt in the Statement of Net Assets.		146,385
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		187,706
Increases/decreases of expenses associated with long-term debt reported in the Statement of Activities do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.		
Increase in Pension Liability		(155,114)
Increase in OPEB Liability		(95,677)
Increase in Other Long-term Liabilities		(5,105)
Increase in Interest Expense, Amortization of Deferrals on Long-term Debt and accrued interest liability		(470)
Decrease in Compensated Absences		15,434
Decrease in Other Liabilities		8,989
Net Decrease in Due to Component Units for Capital and Other Projects resulting from appropriation reductions, which are not reported as expenditures in the fund statements.		18,041
The net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.		(87,694)
Change in net assets of governmental activities (See Government-wide Statement of Activities)	$	589,444

The accompanying notes are an integral part of this financial statement.

Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The State Lottery accounts for all receipts and expenses from the operations of the State Lottery.

The Virginia College Savings Plan administers the Virginia Prepaid Education Program. The plan offers contracts, for actuarially determined amounts, guaranteeing full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions. The fund accounts for the actuarially determined contributions and payments for approved expenses.

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers.

Nonmajor Enterprise Funds include those operations of state agencies which are listed on page 197 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of state agencies which are listed on page 213 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Proprietary Funds

June 30, 2010
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Assets				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 6)	$ 122,311	$ 146,000	$ 232,418	$ 200,372
Investments (Notes 1 and 6)	115,056	165	-	12,615
Receivables, Net (Notes 1 and 7)	54,838	72,391	114,021	35,994
Due from Other Funds (Note 9)	-	-	1,157	6
Due From External Parties (Fiduciary Funds) (Note 9)	-	-	-	-
Due From Component Units (Note 9)	-	-	-	-
Inventory (Note 1)	-	-	-	50,482
Prepaid Items (Note 1)	445	-	-	1,696
Other Assets (Notes 1 and 10)	1	-	-	168
Total Current Assets	292,651	218,556	347,596	301,333
Noncurrent Assets:				
Investments (Notes 1 and 6)	199,382	1,466,027	-	1
Receivables, Net (Notes 1 and 7)	-	205,083	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	-	120	-	9,383
Depreciable Capital Assets, Net (Notes 1 and 12)	7,068	2,793	-	12,757
Total Noncurrent Assets	206,450	1,674,023	-	22,141
Total Assets	499,101	1,892,579	347,596	323,474
Liabilities				
Current Liabilities:				
Accounts Payable (Notes 1 and 23)	8,479	1,429	191	27,717
Amounts Due to Other Governments	-	-	8,036	14,864
Due to Other Funds (Note 9)	225	28	239	7,352
Due to External Parties (Fiduciary Funds) (Note 9)	254	91	-	950
Interfund Payable (Note 9)	9,000	-	-	32,781
Unearned Revenue (Note 1)	2,814	-	-	2,460
Obligations Under Securities Lending Program (Notes 1 and 6)	181,847	472	-	36,019
Other Liabilities (Notes 1 and 24)	43,995	58	375,466	328
Claims Payable Due Within One Year (Notes 1 and 22)	-	-	-	27,813
Long-term Liabilities Due Within One Year (Notes 1, 20, and 26)	52,318	156,368	-	3,845
Total Current Liabilities	298,932	158,446	383,932	154,129
Noncurrent Liabilities:				
Interfund Payable (Note 9)	-	-	-	-
Claims Payable Due in More Than One Year (Notes 1 and 22)	-	-	-	10,350
Long-term Liabilities Due in More Than One Year (Notes 1, 20, and 26)	205,882	1,943,466	-	27,715
Total Noncurrent Liabilities	205,882	1,943,466	-	38,065
Total Liabilities	504,814	2,101,912	383,932	192,194
Net Assets				
Invested in Capital Assets, Net of Related Debt	7,068	1,505	-	21,953
Restricted for Unemployment Compensation	-	-	15,730	-
Unrestricted	(12,781)	(210,838)	(52,066)	109,327
Total Net Assets (Deficit) (Note 3)	$ (5,713)	$ (209,333)	$ (36,336)	$ 131,280

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included in business-type activities.

Net assets of business-type activities

The accompanying notes are an integral part of this financial statement.

Total	Governmental Activities Internal Service Funds
$ 701,101	$ 491,280
127,836	36,220
277,244	19,735
1,163	38,109
-	121
-	11,802
50,482	15,314
2,141	150
169	7,782
1,160,136	620,513
1,665,410	-
205,083	-
9,503	428
22,618	53,822
1,902,614	54,250
3,062,750	674,763
37,816	60,204
22,900	717
7,844	1,468
1,295	721
41,781	31,484
5,274	82,813
218,338	103,426
419,847	1,108
27,813	159,422
212,531	6,144
995,439	447,507
-	9,040
10,350	379,421
2,177,063	39,056
2,187,413	427,517
3,182,852	875,024
30,526	32,121
15,730	-
(166,358)	(232,382)
$ (120,102)	$ (200,261)
(2,262)	
$ (122,364)	

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	$ 1,435,128	$ 133,162	$ 524,291	$ 930,865
Interest, Dividends, Rents, and Other Investment Income	-	237,413	-	-
Other (Note 27)	-	1	-	18,105
Total Operating Revenues	1,435,128	370,576	524,291	948,970
Operating Expenses				
Cost of Sales and Services	100,725	-	-	333,380
Prizes and Claims (Note 28)	842,417	-	922,952	221,116
Tuition Benefits Expense	-	280,799	-	-
Personal Services	22,392	7,345	-	106,353
Contractual Services	28,176	5,116	-	55,028
Supplies and Materials	500	93	-	23,990
Depreciation	2,187	707	-	3,456
Rent, Insurance, and Other Related Charges	1,627	76	-	27,264
Interest Expense	-	36	-	-
Non-recurring Cost Estimate Payments to Providers	-	-	-	46,020
Other (Note 29)	-	139	-	2,647
Total Operating Expenses	998,024	294,311	922,952	819,254
Operating Income (Loss)	437,104	76,265	(398,661)	129,716
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	2,224	23	3,364	1,104
Other (Note 30)	(153)	(23)	-	9,822
Total Nonoperating Revenues (Expenses)	2,071	-	3,364	10,926
Income (Loss) Before Transfers	439,175	76,265	(395,297)	140,642
Transfers In (Note 31)	-	-	-	2,448
Transfers Out (Note 31)	(440,547)	(375)	(13,313)	(145,659)
Change in Net Assets	(1,372)	75,890	(408,610)	(2,569)
Total Net Assets (Deficit), July 1	(4,341)	(285,223)	372,274	133,849
Total Net Assets (Deficit), June 30 (Note 3)	$ (5,713)	$ (209,333)	$ (36,336)	$ 131,280

Some amounts reported for business-type activies in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in Net Assets of business-type activities

The accompanying notes are an integral part of this financial statement.

	Governmental Activities	
	Total	Internal Service Funds
$	3,023,446	$ 1,487,537
	237,413	-
	18,106	-
	3,278,965	1,487,537
	434,105	63,990
	1,986,485	999,409
	280,799	-
	136,090	56,182
	88,320	345,561
	24,583	8,790
	6,350	12,662
	28,967	67,951
	36	174
	46,020	-
	2,786	16,364
	3,034,541	1,571,083
	244,424	(83,546)
	6,715	3,215
	9,646	(3,740)
	16,361	(525)
	260,785	(84,071)
	2,448	330
	(599,894)	(5,164)
	(336,661)	(88,905)
	216,559	(111,356)
$	(120,102)	$ (200,261)
	(1,212)	
$	(337,873)	

Statement of Cash Flows – Proprietary Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	$ 1,433,502	$ 150,137	$ 475,063	$ 932,052
Internal Activity-Receipts from Other Funds	-	-	7,089	11,387
Internal Activity-Payments to Other Funds	-	(227)	-	(2,796)
Payments to Suppliers for Goods and Services	(100,725)	(877)	-	(383,678)
Payments for Contractual Services	(20,107)	(5,408)	-	(54,720)
Payments for Prizes, Claims, and Loss Control (Note 34)	(912,482)	-	(950,340)	(226,178)
Payments for Tuition Benefits	-	(94,627)	-	-
Payments to Employees	(21,037)	(6,500)	-	(100,874)
Payments to Providers for Non-recurring Cost Estimates	-	-	-	(41,761)
Other Operating Revenue (Note 34)	-	1	-	6,380
Other Operating Expense (Note 34)	-	(1)	-	(182)
Net Cash Provided by (Used for) Operating Activities	379,151	42,498	(468,188)	139,630
Cash Flows from Noncapital Financing Activities				
Transfers In From Other Funds	-	-	-	2,063
Transfers Out to Other Funds	(449,393)	(375)	(13,587)	(305,879)
Other Noncapital Financing Receipt Activities (Note 34)	8,908	-	346,876	201,733
Other Noncapital Financing Disbursement Activities (Note 34)	-	-	-	(28,200)
Net Cash Provided by (Used for) Noncapital Financing Activities	(440,485)	(375)	333,289	(130,283)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(2,035)	(644)	-	(10,074)
Payment of Principal and Interest on Bonds and Notes	-	(547)	-	(797)
Proceeds from Sale of Capital Assets	-	-	-	21
Net Cash Provided By (Used for) Capital and Related Financing Activities	(2,035)	(1,191)	-	(10,850)
Cash Flows from Investing Activities				
Purchase of Investments	(3,070)	(2,052,683)	-	-
Proceeds from Sales or Maturities of Investments	62,912	1,847,110	-	-
Investment Income on Cash, Cash Equivalents, and Investments	2,163	134,905	3,365	872
Net Cash Provided by (Used for) Investing Activities	62,005	(70,668)	3,365	872
Net Increase (Decrease) in Cash and Cash Equivalents	(1,364)	(29,736)	(131,534)	(631)
Cash and Cash Equivalents, July 1	5,513	175,429	363,952	177,766
Cash and Cash Equivalents, June 30	$ 4,149	$ 145,693	$ 232,418	$ 177,135
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Assets:				
Cash and Cash Equivalents	$ 122,311	$ 146,000	$ 232,418	$ 200,372
Cash and Travel Advances	1	-	-	168
Less:				
Securities Lending Cash Equivalents	(118,163)	(307)	-	(23,405)
Cash and Cash Equivalents per the Statement of Cash Flows	$ 4,149	$ 145,693	$ 232,418	$ 177,135

The accompanying notes are an integral part of this financial statement.

	Governmental Activities	
	Total	Internal Service Funds
	$ 2,990,754	$ 1,030,969
	18,476	474,358
	(3,023)	(10,865)
	(485,280)	(136,618)
	(80,235)	(342,267)
	(2,089,000)	(1,001,579)
	(94,627)	-
	(128,411)	(52,716)
	(41,761)	-
	6,381	-
	(183)	(11,131)
	93,091	(49,849)
	2,063	330
	(769,234)	(5,164)
	557,517	30,209
	(28,200)	-
	(237,854)	25,375
	(12,753)	(3,418)
	(1,344)	(7,311)
	21	423
	(14,076)	(10,306)
	(2,055,753)	-
	1,910,022	-
	141,305	2,940
	(4,426)	2,940
	(163,265)	(31,840)
	722,660	456,019
	$ 559,395	$ 424,179
	$ 701,101	$ 491,280
	169	104
	(141,875)	(67,205)
	$ 559,395	$ 424,179

Continued on next page

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	State Lottery	Virginia College Savings Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities				
Operating Income (Loss)	$ 437,104	$ 76,265	$ (398,661)	$ 129,716
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities				
Depreciation	2,187	707	-	3,456
Interest, Dividends, Rents, and Other Investment Income	(17,432)	(236,127)	-	-
Miscellaneous Nonoperating Income	-	-	-	45
Other Expenses	-	-	-	-
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(1,734)	16,266	(43,097)	(1,624)
(Increase) Decrease in Due From Other Funds	-	-	(177)	1,392
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	-	-
(Increase) Decrease in Due From Component Units	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-
(Increase) Decrease in Inventory	-	-	-	(451)
(Increase) Decrease in Prepaid Items	(156)	-	-	337
Increase (Decrease) in Accounts Payable	(244)	(1,051)	(88)	(6,429)
Increase (Decrease) in Amounts Due to Other Governments	-	-	(8,136)	4,754
Increase (Decrease) in Due to Other Funds	59	2	6	234
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	254	91	-	950
Increase (Decrease) in Interfund Payables	-	-	-	59
Increase (Decrease) in Unearned Revenue	108	-	-	369
Increase (Decrease) in Other Liabilities	73	(119)	(18,035)	81
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	(339)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	1,235
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(9,650)	26,057	-	175
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(31,418)	160,407	-	5,670
Net Cash Provided by (Used for) Operating Activities	$ 379,151	$ 42,498	$ (468,188)	$ 139,630
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the statement of net assets date:				
New Capital Leases	$ -	$ -	$ -	$ -
Trade-ins of Used Equipment on New Equipment	-	-	-	-
Installment Purchases Used to Finance Capital Assets	-	-	-	-
Change in Fair Value of Investments	-	101,222	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	$ -	$ 101,222	$ -	$ -

The accompanying notes are an integral part of this financial statement.

	Governmental Activities	
	Total	Internal Service Funds
$	244,424	$ (83,546)
	6,350	12,662
	(253,559)	-
	45	53
	-	39
	(30,189)	9,512
	1,215	2,258
	-	(121)
	-	(11,802)
	-	1,819
	(451)	693
	181	321
	(7,812)	(20,689)
	(3,382)	(133)
	301	447
	1,295	721
	59	(220)
	477	14,087
	(18,000)	(4,474)
	(339)	(7,818)
	1,235	32,694
	16,582	(288)
	134,659	3,936
$	93,091	$ (49,849)
$	-	$ 4,037
	-	40
	-	765
	101,222	-
	-	223
$	101,222	$ 5,065

Fiduciary Funds

Private Purpose Funds

Private Purpose Funds are trust arrangements that benefit individuals, private organizations, or other governments.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect the activities of the retirement systems and postemployment benefits administered by the Virginia Retirement System or the Department of Accounts.

Investment Trust Fund

Investment Trust Fund reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth.

Agency Funds

Agency Funds report those funds for which the Commonwealth acts solely in a custodial capacity.

A listing of all Fiduciary Funds is located on pages 222-223 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 224.

Statement of Fiduciary Net Assets – Fiduciary Funds

June 30, 2010
(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Agency Funds
Assets				
Cash and Cash Equivalents (Notes 1 and 6)	$ 71,595	$ 14,882	$ 1,425,572	$ 295,478
Investments (Notes 1 and 6):				
Bonds and Mortgage Securities	-	17,146,153	197,367	-
Stocks	232,358	16,309,939	-	-
Fixed Income Commingled Funds	-	1,732,430	-	-
Index and Pooled Funds	363,100	5,424,776	-	-
Real Estate	-	2,654,164	-	-
Private Equity	-	4,590,737	-	-
Mutual and Money Market Funds	752,317	-	-	-
Short-term Investments	-	68,803	1,634,487	64,637
Other	196,707	4,085,645	-	342,602
Total Investments	1,544,482	52,012,647	1,831,854	407,239
Receivables, Net (Notes 1 and 7):				
Accounts	7	-	-	43,255
Contributions	-	76,007	-	-
Interest and Dividends	1,362	191,856	1,405	-
Security Transactions	-	1,813,792	-	-
Other Receivables	-	586,247	-	-
Total Receivables	1,369	2,667,902	1,405	43,255
Due from Other Funds (Note 9)	-	38	-	-
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 9)	-	48,107	-	-
Due from Component Units (Note 9)	-	23,532	-	-
Prepaid Items	209	-	-	-
Other Assets (Notes 1 and 10)	-	-	-	6
Furniture and Equipment (Note 1)	-	13,855	-	-
Total Assets	1,617,655	54,780,963	3,258,831	745,978
Liabilities				
Accounts Payable and Accrued Expenses (Notes 1 and 23)	1,931	39,291	-	3,915
Amounts Due to Other Governments	-	-	-	228,054
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 9)	18	103	15	281
Due to Other Funds (Note 9)	38	-	-	-
Obligations Under Securities Lending Program (Notes 1 and 6)	1,644	4,092,144	-	7,085
Other Liabilities (Notes 1 and 24)	271	749,188	-	506,048
Retirement Benefits Payable	-	242,724	-	-
Refunds Payable	-	6,087	-	-
Compensated Absences Payable (Notes 1 and 20)	252	1,961	-	-
Insurance Premiums and Claims Payable	-	47,304	-	595
Payable for Security Transactions	-	1,943,475	-	-
Pension Liability	717	5,992	-	-
Other Postemployment Benefits (OPEB) Liability	181	1,513	-	-
Total Liabilities	5,052	7,129,782	15	745,978
Net Assets Held in Trust for Pension/				
Other Employment Benefits, Pool				
Participants, and Other Purposes	$ 1,612,603	$ 47,651,181	$ 3,258,816	$ -

The accompanying notes are an integral part of this financial statement.

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	$ 152,933	$ 6,724,016	$ 8,341
Distributions to Shareholders from Net Investment Income	-	-	(8,341)
Total Investment Income	152,933	6,724,016	-
Less Investment Expenses	2,583	300,883	-
Net Investment Income	150,350	6,423,133	-
Proceeds from Unclaimed Property	24,556	-	-
Contributions:			
Participants	239,512	-	-
Member	-	851,059	-
Employer	-	1,242,677	-
Total Contributions	239,512	2,093,736	-
Shares Sold	-	-	4,743,012
Reinvested Distributions	-	-	8,369
Other Revenue (Note 27)	58	1,083	-
Total Additions	414,476	8,517,952	4,751,381
Deductions:			
Loan Servicing Payments	94	-	-
Educational Expense Benefits	78,120	-	-
Retirement Benefits	-	3,035,944	-
Refunds to Former Members	-	93,096	-
Retiree Health Insurance Credits	-	120,269	-
Insurance Premiums and Claims	26,496	145,217	-
Trust Payments	2,011	-	-
Administrative Expenses	5,507	28,477	-
Other Expenses (Note 29)	-	4,843	-
Shares Redeemed	6,335	-	5,195,756
Long-term Disability Benefits	-	27,574	-
Total Deductions	118,563	3,455,420	5,195,756
Transfers:			
Transfers In	-	104	-
Transfers Out	-	(104)	-
Total Transfers	-	-	-
Net Increase (Decrease)	295,913	5,062,532	(444,375)
Net Assets Held in Trust for Pension/ Other Employment Benefits, Pool Participants, and Other Purposes			
July 1, as restated (Note 2)	1,316,690	42,588,649	3,703,191
June 30	$ 1,612,603	$ 47,651,181	$ 3,258,816

The accompanying notes are an integral part of this financial statement.

Component Units

Component Units are organizations that are legally separate from the primary government. Each discrete component unit serves or benefits those outside of the primary government.

The Virginia Housing Development Authority provides investment in and stimulates construction of low to moderate income housing for the citizens of the Commonwealth.

The Virginia Public School Authority provides financing to cities and counties for capital construction of primary and secondary schools.

The Higher Education Institutions account for the resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals. Higher education institutions included in this section are:

University of Virginia, including the University of Virginia College at Wise, and the University of Virginia Hospital
Virginia Polytechnic Institute and State University
Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority

Nonmajor Component Units include those listed on pages 246-247 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Assets – Component Units

June 30, 2010
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	University of Virginia
Assets			
Cash and Cash Equivalents (Notes 1 and 6)	$ 22,621	$ 11,451	$ 450,659
Investments (Notes 1 and 6)	45,677	3,207,432	4,364,932
Receivables, Net (Notes 1 and 7)	8,128,116	44,884	269,757
Contributions Receivable, Net (Note 8)	-	-	107,003
Due from Primary Government (Note 9)	-	-	7,126
Due from Component Units (Note 9)	-	-	6,801
Inventory (Note 1)	-	-	21,985
Prepaid Items (Note 1)	-	-	16,146
Other Assets (Notes 1 and 10)	41,192	-	20,013
Loans Receivable from Primary Government (Notes 1 and 9)	-	168,730	-
Restricted Cash and Cash Equivalents (Notes 6 and 11)	1,196,256	82,623	86,978
Restricted Investments (Notes 6 and 11)	156,549	-	522,569
Other Restricted Assets (Note 11)	46,308	-	-
Nondepreciable Capital Assets (Notes 1 and 12)	3,926	-	546,035
Depreciable Capital Assets, Net (Notes 1 and 12)	20,574	-	2,266,278
Total Assets	9,661,219	3,515,120	8,686,282
Deferred Outflows (Note 13)	-	-	13,776
Total Assets and Deferred Outflows	9,661,219	3,515,120	8,700,058
Liabilities			
Accounts Payable (Notes 1 and 23)	2,649	206	203,202
Amounts Due to Other Governments	-	72,822	-
Due to Primary Government (Note 9)	-	-	110
Due to Component Units (Note 9)	-	-	-
Due to External Parties (Fiduciary Funds) (Note 9)	-	-	5,284
Unearned Revenue (Note 1)	-	730	97,737
Obligations Under Securities Lending Program (Notes 1 and 6)	-	-	5,802
Other Liabilities (Notes 1, 13, and 24)	122,162	61,891	585,526
Loans Payable to Primary Government (Notes 1 and 9)	-	-	-
Claims Payable (Notes 1 and 22):			
Due Within One Year	-	-	-
Due in More Than One Year	-	-	-
Long-term Liabilities (Notes 1, 20, and 26):			
Due Within One Year	627,522	252,729	113,722
Due in More Than One Year	6,687,073	3,151,948	1,450,458
Total Liabilities	7,439,406	3,540,326	2,461,841
Net Assets			
Invested in Capital Assets, Net of Related Debt	(5,749)	-	1,656,632
Restricted For:			
Nonexpendable:			
Higher Education	-	-	892,266
Other	-	-	-
Expendable:			
Higher Education	-	-	2,297,694
Gifts and Grants	-	-	-
Virginia Pooled Investment Program	-	-	-
Capital Projects/Construction/Capital Acquisition	-	-	-
Debt Service	-	-	-
Bond Indenture	2,069,281	-	-
Other	-	-	-
Unrestricted	158,281	(25,206)	1,391,625
Total Net Assets (Deficit) (Note 3)	$ 2,221,813	$ (25,206)	$ 6,238,217

The accompanying notes are an integral part of this financial statement.

Virginia Polytechnic Institute and State University	Virginia Commonwealth University	Nonmajor Component Units	Total
$ 178,819	$ 365,445	$ 892,066	$ 1,921,061
148,656	635,871	804,145	9,206,713
86,233	308,177	3,462,524	12,299,691
68,150	20,146	137,461	332,760
179	927	23,365	31,597
12,720	8,168	81,828	109,517
18,565	17,535	23,579	81,664
12,413	6,728	54,709	89,996
6,100	18,256	87,893	173,454
-	-	-	168,730
218,676	25,449	1,098,189	2,708,171
538,386	380,825	2,132,513	3,730,842
10,254	18,035	127,563	202,160
326,793	103,385	1,530,185	2,510,324
988,893	1,268,707	5,873,876	10,418,328
2,614,837	3,177,654	16,329,896	43,985,008
-	48,815	-	62,591
2,614,837	3,226,469	16,329,896	44,047,599
118,015	136,587	390,536	851,195
-	-	6,275	79,097
2,405	2,316	7,395	12,226
-	-	109,517	109,517
3,618	2,926	11,704	23,532
46,657	36,845	150,770	332,739
-	-	129,010	134,812
48,999	126,668	206,412	1,151,658
-	6,194	10,207	16,401
-	69,298	-	69,298
-	38,317	-	38,317
46,067	86,697	451,064	1,577,801
692,866	752,198	7,870,604	20,605,147
958,627	1,258,046	9,343,494	25,001,740
821,306	682,220	4,386,928	7,541,337
328,138	199,832	861,303	2,281,539
-	-	93,330	93,330
419,228	238,031	693,335	3,648,288
-	-	46,211	46,211
-	-	7,248	7,248
-	-	1,590,542	1,590,542
-	-	77,124	77,124
-	-	-	2,069,281
-	-	24,175	24,175
87,538	848,340	(793,794)	1,666,784
$ 1,656,210	$ 1,968,423	$ 6,986,402	$ 19,045,859

Statement of Activities – Component Units

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue
Virginia Housing Development Authority	$ 657,909	$ 544,608	$ 197,585	$ -	$ 84,284
Virginia Public School Authority	168,561	142,573	-	-	(25,988)
Higher Education:					
University of Virginia	2,768,828	1,870,260	800,044	160,932	62,408
Virginia Polytechnic Institute & State University	1,097,788	529,454	305,600	85,032	(177,702)
Virginia Commonwealth University	2,486,927	2,114,160	250,174	17,394	(105,199)
Total Higher Education	6,353,543	4,513,874	1,355,818	263,358	(220,493)
Nonmajor Component Units:					
Higher Education	4,447,424	1,810,220	911,148	395,973	(1,330,083)
Other	838,586	537,929	52,818	130,410	(117,429)
Total Nonmajor Component Units	5,286,010	2,348,149	963,966	526,383	(1,447,512)
Total Component Units	$ 12,466,023	$ 7,549,204	$ 2,517,369	$ 789,741	$ (1,609,709)

The accompanying notes are an integral part of this financial statement.

General Revenues					
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Tobacco Master Settlement	Contributions to Permanent / Term Endowments
$ -	$ -	$ 18,045	$ 71	$ -	$ -
-	-	243	390	-	-
152,008	20,369	332,750	2,897	-	40,021
229,306	22,320	53,337	17,044	-	19,918
180,962	368	64,862	18,646	-	6,340
562,276	43,057	450,949	38,587	-	66,279
1,093,301	24,072	94,738	29,317	-	29,336
72,189	8,163	63,151	2,182	11,629	5,715
1,165,490	32,235	157,889	31,499	11,629	35,051
$ 1,727,766	$ 75,292	$ 627,126	$ 70,547	$ 11,629	$ 101,330

Continued on next page

Statement of Activities – Component Units *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Changes in Net Assets	Net Assets July 1 as restated (Note 2)	Net Assets (Deficit) June 30 (Note 3)
Virginia Housing Development Authority	$ 102,400	$ 2,119,413	$ 2,221,813
Virginia Public School Authority	(25,355)	149	(25,206)
Higher Education:			
University of Virginia	610,453	5,627,764	6,238,217
Virginia Polytechnic Institute & State University	164,223	1,491,987	1,656,210
Virginia Commonwealth University	165,979	1,802,444	1,968,423
Total Higher Education	940,655	8,922,195	9,862,850
Nonmajor Component Units:			
Higher Education	(59,319)	3,693,193	3,633,874
Other	45,600	3,306,928	3,352,528
Total Nonmajor Component Units	(13,719)	7,000,121	6,986,402
Total Component Units	$ 1,003,981	$ 18,041,878	$ 19,045,859

The accompanying notes are an integral part of this financial statement.

Index to the Notes to the Financial Statements

1. Summary of Significant Accounting Policies
   - A. Basis of Presentation 74
   - B. Reporting Entity 74
   - C. Government-wide and Fund Financial Statements 81
   - D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation 81
   - E. Budgetary Process 83
   - F. Cash, Cash Equivalents, and Investments 84
   - G. Receivables 84
   - H. Contributions Receivable, Net 84
   - I. Internal Balances 84
   - J. Inventory 84
   - K. Prepaid Items 85
   - L. Interfund Loans Receivable/Payable 85
   - M. Other Assets 85
   - N. Capital Assets 85
   - O. Accounts Payable 86
   - P. Unearned and Deferred Revenue 86
   - Q. Deferred Taxes 86
   - R. Obligations Under Securities Lending Program 86
   - S. Other Liabilities 87
   - T. Claims Payable 87
   - U. Long-term Liabilities 87
   - V. Reserved Fund Balances 87
   - W. Unreserved, Designated Fund Balances 87
   - X. Unreserved, Undesignated Fund Balances 87
   - Y. Cash Management Improvement Act 87
   - Z. Investment Income 88
   - AA. Intrafund Eliminations 88
   - BB. Interfund Activity 88
2. Restatement of Beginning Balances 88
3. Deficit Fund Balances/Net Assets 90
4. General Fund Analysis – Basis of Budgeting 91
5. Revenue Stabilization Fund 91
6. Cash, Cash Equivalents, and Investments 92
7. Receivables 100
8. Contributions Receivable, Net 102
9. Interfund and Inter-Entity Assets/Liabilities 102
10. Other Assets 106
11. Restricted Assets 106
12. Capital Assets 107
13. Derivatives 110
14. Retirement and Pension Systems
    - A. Administration 112
    - B. Summary of Significant Accounting Policies (Virginia Retirement System) 112
    - C. Plan Description 113
    - D. Funding Policy 114
    - E. Annual Pension Cost and Net Pension Obligation 115
    - F. Funded Status and Funding Progress 116
    - G. Defined Contribution Plan for Political Appointees 116
    - H. Defined Contribution Plan for Public School Superintendents 116
    - I. Virginia Supplemental Retirement Plan 116
    - J. Higher Education Fund (Component Unit) 117
    - K. Other Component Units 118
15. Other Employment Benefits 121
16. Other Postemployment Benefits (OPEB)
    - A. Virginia Retirement System (The System) Administered Plans 122
    - B. Other Plans 123
    - C. Annual OPEB Cost and Net OPEB Obligation 123
    - D. Funded Status and Funding Progress 125
    - E. Higher Education Fund (Component Unit) 126
    - F. Other Component Units 126
17. Deferred Compensation Plans 126
18. State Non-Arbitrage Pool 127
19. Commitments
    - A. Construction Projects 127
    - B. Operating Leases 128
    - C. Investment Commitments – Virginia Retirement System 128
    - D. Tobacco Grants 128
    - E. Other Commitments 128
20. Accrued Liability for Compensated Absences 129
21. Pollution Remediation Obligations 129
22. Insurance
    - A. Self-Insurance 130
    - B. Public Entity Risk Pools 131
23. Accounts Payable 133
24. Other Liabilities 134
25. Termination Benefits 137
26. Long-Term Liabilities 137
27. Other Revenue 156
28. Prizes and Claims 157
29. Other Expenses 157
30. Other Non-Operating Revenue/Expenses 158
31. Transfers 158
32. On-Behalf Payments 159
33. Endowments 160
34. Cash Flows – Additional Detailed Information 160
35. Tobacco Settlement and Securitization 162
36. Information Technology Infrastructure Partnership – Northrop Grumman 162
37. Contingencies
    - A. Grants and Contracts 163
    - B. Litigation 163
    - C. Subject to Appropriation 163
    - D. Bailment Inventory 163
    - E. Loan Guarantees 164
    - F. Other 164
38. Subsequent Events 164

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

B. Reporting Entity

For financial reporting purposes, the Commonwealth of Virginia's (the Commonwealth's) reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and they are financially accountable to the primary government (discrete component units). The funds of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* (GASB Statement No. 39) requires the inclusion of numerous organizations that raise and hold funds for the direct benefit of the primary government.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, and the Commonwealth's ability to impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth.

(1) Primary Government – A primary government consists of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, and departments are, for financial reporting purposes, part of the primary government.

(2) Blended Component Units – Though legally separate entities, these component units are, in substance, part of the primary government's operations. The blended component unit serves or benefits the primary government almost exclusively. Financial information from these units is combined with that of the primary government. The Commonwealth's only blended component unit is:

Virginia Public Building Authority (VPBA) (nonmajor governmental fund) – The Authority was created as a body politic and corporate and is fiscally independent. A government instrumentality, the Authority finances the acquisition and construction of buildings for the use of the Commonwealth and other approved purposes. The Governor appoints the seven-member board, and the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

(3) Discrete Component Units – Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These discrete component units serve or benefit those outside of the primary government.

GASB Statement No. 39 generally requires any organization that raises and holds economic resources for the direct benefit of the reporting entity to be reported as a component unit, even if the reporting entity is not financially accountable for the organization. The entities are included in the Commonwealth's reporting entity as non-profit charitable organizations and exist solely to support the Commonwealth's higher education institutions, museums, and the Library of Virginia. The higher education institution non-profit organizations are included in the applicable higher education institution's column in the accompanying financial statements. The museum foundations and the Library of Virginia Foundation, which are discretely presented, are more fully described later in this footnote. In all instances where separate disclosure of these non-profit organizations is required in the

accompanying footnotes, the entities' totals are aggregated and disclosed as "foundations."

Discretely presented component units are:

Higher Education Institutions – The Commonwealth's higher education institutions are granted broad corporate powers by state statutes. The Governor appoints the members of each institution's board of trustees. In addition to the annual appropriations to support the institutions' operations, the Commonwealth provides funding for, and construction of, major academic plant facilities for the institutions. Institutions reported Operating Appropriations from Primary Government of approximately $1.65 billion and Program Revenue Capital Grants and Contributions of approximately $36.5 million from the primary government. Institutions paid the Commonwealth approximately $86.7 million. Therefore, there is a financial benefit/burden to the primary government. The bonds issued to finance the construction of these facilities are obligations of the Commonwealth. The major higher education institutions are: University of Virginia, including the University of Virginia Hospital and the University of Virginia's College at Wise; Virginia Polytechnic Institute and State University; and Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority. The nonmajor higher education institutions are: the College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science; Virginia Military Institute; Virginia State University; Norfolk State University; University of Mary Washington; James Madison University; Radford University; Old Dominion University; George Mason University; Virginia Community College System; Christopher Newport University; and Longwood University. The Southwest Virginia Higher Education Center, Roanoke Higher Education Authority, Institute for Advanced Learning and Research, Southern Virginia Higher Education Center, and New College Institute are also included as nonmajor higher education institutions. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. As previously noted, certain foundations are considered component units of the higher education institutions, and are included in the accompanying financial statements as well as the higher education institutions' individually published financial statements. The Auditor of Public Accounts (APA) does not audit the Roanoke Higher Education Authority, the Institute for Advanced Learning and Research, and the component units of the higher education institutions, including foundations, but relies on the reports issued by other auditors to render his opinion.

The APA audits the colleges and universities, and individual reports are issued under separate cover. Complete financial statements for each institution may be obtained from their respective administrative offices. The addresses for these institutions may be obtained from the Virginia Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219-3638.

Innovation and Entrepreneurship Investment Authority (IEIA) (nonmajor) – The Authority (formerly the Innovative Technology Authority) is granted corporate powers by the *Code of Virginia*. The Authority serves to facilitate the marketing, organization, and development of scientific research and technology by the state's institutions of higher education and private industry in the Commonwealth. In addition, the Authority serves to promote the economic development of the Commonwealth by attracting and retaining high technology jobs and businesses in Virginia. The Governor and General Assembly appoint the 13-member board, and there is a financial benefit/burden to the primary government. The Authority's combined financial statements include the accounts of the Center for Innovative Technology (CIT) after elimination of all significant intercompany balances and transactions. CIT is a non-stock, not-for-profit corporation, which acts as the operating arm of the Authority. The address for the administrative offices of the Authority is CIT Building, Suite 600, 2214 Rock Hill Road, Herndon, Virginia 20170-4228. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia College Building Authority (VCBA) (nonmajor) – The Authority was created as a public body corporate, a political subdivision, and an agency and instrumentality of the Commonwealth. The Governor appoints a majority of the board and members serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Authority finances certain capital projects and equipment purchases of state-supported colleges and universities. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by state-supported colleges and universities is included in the financial statements. The state-supported colleges and universities reported revenue from the Authority of $496.0 million as Program

Revenue Capital Grants and Contributions for the 21st Century Program and $60.9 million as Program Revenue Operating Grants and Contributions for equipment. The Authority reported approximately $18.8 million in payments from the state-supported colleges and universities for debt service costs. The Authority assists private institutions of higher education in the financing and refinancing of a broad range of facilities. The Authority is authorized to issue obligations and lend the proceeds to private institutions; however, such financings or refinancings are not obligations of the primary government nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling $524.6 million, is not included in the financial statements.

Virginia Housing Development Authority (VHDA) (major) – The Authority was created as a political subdivision and instrumentality of the Commonwealth and is granted both politic and corporate powers by the *Code of Virginia*. The Governor appoints a majority of the Authority's board members and the remaining board members are ex-officio. The Commonwealth may make grants to the Authority including, but not limited to, reserve funds, which is a potential financial benefit/burden to the primary government. The Commonwealth is not legally obligated by the debt of the Authority. The Authority was created in the public interest to provide investment in and stimulate construction of low to moderate income housing which benefits the citizens of the Commonwealth. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. KPMG, LLP audits the Authority, and a separate report is issued.

Virginia Public School Authority (VPSA) (major) – The Authority was created as a public body corporate, and an agency and instrumentality of the Commonwealth to finance capital projects of city and county school boards. The Governor appoints the board members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Auditor of Public Accounts audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Virginia Economic Development Partnership (VEDP) (nonmajor) – The Partnership was created as a body corporate and operates to encourage, stimulate, and support the development and expansion of commerce in the Commonwealth. The Governor appoints the 15-member board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Byrd Street, Post Office Box 798, Richmond, Virginia 23218-0798. The Auditor of Public Accounts audits the Partnership, and a separate report is issued.

Virginia Outdoors Foundation (nonmajor) – The Foundation was created as a body politic and is administratively assigned to the Department of Conservation and Recreation (part of primary government) and charged with promoting preservation through the acceptance of donated conservation easements and raising funds for the purchase of preservation land. The Governor appoints the seven-member board of trustees, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 900 South Main Street, Blacksburg, Virginia 24060. Goodman and Company, LLP, audits the Foundation, and a separate report is issued.

Virginia Port Authority (VPA) (nonmajor) – The Authority was established as a corporate body and operates to serve the citizens and promote commerce through the harbors and ports of Virginia. The Governor appoints a majority of the 12-member board, and the primary government is able to impose its will on the Authority. There is also a financial benefit/burden to the primary government. The administrative offices of the Authority are located at 600 World Trade Center, Norfolk, Virginia 23510. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Resources Authority (VRA) (nonmajor) – The Authority was created as a statewide public body corporate political subdivision of the Commonwealth to provide financing of infrastructure projects for water supply, wastewater, storm water, solid waste treatment, airports, public safety, brownfields remediation and redevelopment, and recycling. The Governor appoints the 11-member board and the Executive Director of the Authority. The primary government is able to impose its will on the Authority, and there is a financial benefit/burden to the primary government. The Commonwealth does not guarantee any bonds issued by the Virginia Resources Authority. The administrative offices of the Authority are located at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219. Clifton Gunderson, LLP, audits the Authority, and a separate report is issued.

Virginia Tourism Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority encourages, stimulates, and promotes tourism and film production industries of the Commonwealth.

The Governor appoints all of the board members, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Byrd Street, 19th Floor, Richmond, Virginia 23218-0798. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Foundation for Healthy Youth (formerly Virginia Tobacco Settlement Foundation) (nonmajor) – The Foundation was created as a body corporate and as a political subdivision of the Commonwealth. The Foundation was established to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund and to distribute monies in this fund for such efforts as restricting the use of tobacco products by minors and the enforcement of laws restricting the distribution of tobacco products to minors. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation, and a separate report is issued.

Tobacco Indemnification and Community Revitalization Commission (nonmajor) – The Commission was created as a body corporate and as a political subdivision of the Commonwealth. The Commission was established to determine the appropriate recipients of the monies in the Tobacco Indemnification and Community Revitalization Fund. This fund is to provide payments to tobacco farmers as compensation for the adverse economic effects resulting from loss of investment in specialized tobacco equipment and barns, and lost tobacco production opportunities. It also provides monies to revitalize tobacco dependent communities. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Commission, and a separate report is issued.

Hampton Roads Sanitation District Commission (nonmajor) – The Commission was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing board of the district, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the debt of the Commission. The Commission was established to benefit the inhabitants of the district and operates a sewage system for 17 localities in the Chesapeake Bay area. The address for the administrative offices of the Commission is 1436 Air Rail Avenue, Virginia Beach, Virginia 23455. KPMG, LLP, audits the Commission, and a separate report is issued.

Virginia Biotechnology Research Partnership Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in the development of a biotechnology research park. The Governor appoints the board members of the Authority, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 800 East Leigh Street, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority issued two series of revenue bonds for specific customers, the 2002 series and the 2006 series. The 2002 series variable rate revenue bonds were for a facility built specifically for the United Network for Organ Sharing organization. The 2006 Series variable rate revenue bonds were for the Virginia Blood Services project. The bonds are secured by a letter of credit and are payable solely from the payments made by the borrower under the loan agreement. Neither of these bonds constitute a debt or pledge of the Authority or the Commonwealth. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Virginia Small Business Financing Authority (SBFA) (nonmajor) – The Virginia Small Business Financing Act of 1984 (Chapter 28, Title 9, *Code of Virginia*) established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 11-member board, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority can provide financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small businesses in the Commonwealth. The Authority can loan money to local governments as defined by the *Code of Virginia* for economic development purposes. The Authority also guarantees loans made to small businesses by banks. The administrative offices of the Authority are located at 707 East Main Street, Suite 300, Richmond, Virginia

23219. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

The Authority has issued Industrial Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Small Business Financing Authority, nor the Commonwealth are obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities on the accompanying financial statements.

Virginia School for the Deaf and Blind Foundation (nonmajor) – The Foundation operates as a non-private educational and fundraising organization solely in connection with, and exclusively for the benefit of the Virginia School for the Deaf and Blind (School) (part of primary government). The Foundation uses a December 31 calendar year-end. The administrative offices of the Foundation are located at the Virginia Department of Education, 101 North 14th Street, 25th Floor, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation along with the audit of the School, and a separate report is issued.

Science Museum of Virginia Foundation (nonmajor) – The Foundation is a non-stock, non-profit corporation established to implement and fund programs, projects, and operations that are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). The administrative offices of the Foundation are located at the Science Museum of Virginia, Post Office Box 11624, Richmond, Virginia 23230. Cherry, Bekaert, & Holland, LLP, audits the Foundation, and a separate report is issued.

Virginia Commercial Space Flight Authority (VCSFA) (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to facilitate and coordinate scientific and technological research and development and to promote the industrial and economic development of the Commonwealth. There is a potential financial benefit/burden to the primary government. The Commonwealth provided $26 million in bond offerings through the Virginia Public Building Authority (VPBA) to the VCSFA in fiscal year 2009. Per a memorandum of understanding between the Commonwealth and the VCSFA, the VCSFA will provide 75 percent of the related debt service payments. The administrative offices of the Authority are located at 4111 Monarch Way, Suite 201, Norfolk, Virginia 23508. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Danville Science Center, Inc. (nonmajor) – The Center is non-profit corporation formed for the purpose of implementing and funding those programs, projects and operations which are authorized and approved by the trustees of the Science Museum of Virginia. The administrative offices of the Center are located at 657 Craghead Street, Post Office Box 167, Danville, Virginia 24541. Goodman and Company, LLP, audits the Center, and a separate report is issued.

Virginia Museum of Fine Arts Foundation (nonmajor) – The Foundation operates as a non-profit corporation under the laws of Virginia to fund exhibitions, programs, and capital asset expansion to ensure that the Virginia Museum of Fine Arts (part of primary government) has the space and resources for art to help improve the quality of life for many. The administrative offices of the Foundation are located at 200 North Boulevard, Richmond, Virginia 23220. Goodman and Company, LLP, audits the Foundation, and a separate report is issued.

A. L. Philpott Manufacturing Extension Partnership (nonmajor) – The Partnership has the mission to foster economic growth by enhancing the competitiveness of Virginia's manufacturers. The Partnership provides manufacturing firms with fee-based technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, the Partnership provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. The Partnership has a 23-member board of trustees. The board consists of the presidents of two public four-year institutions of higher education; three community college presidents; the director of Virginia's Center for Innovative Technology; Virginia's Secretary of Commerce and Trade; and fifteen citizen members, representing manufacturing industries, appointed by the Governor. There is also a financial benefit/burden to the primary government. The administrative office is located at Patrick Henry Community College, 645 Patriot Avenue, Martinsville, Virginia 24112-6693. The Auditor of Public Accounts audits the Partnership, and a separate report is issued.

Virginia Horse Center Foundation (nonmajor) – The Foundation operates the Virginia Horse Center for the benefit of the equine and tourism industries. The Foundation is a discrete component unit of the Commonwealth due to the limited ability of the Foundation to incur additional debt without the Commonwealth's approval. In addition, the Governor appoints one member of the Foundation's board of directors, and this member must approve any changes to the Foundation's by-laws or conveyance of property. The address for the administrative offices of the Foundation is 487 Maury River Road, Lexington, Virginia 24450. The accounting firm of Raetz and Hawkins, P.C., audits the Foundation, and a separate report is issued.

Virginia University Research Partnership (nonmajor) – The Partnership was created as a non-profit, non-stock corporation to receive grant monies appropriated by the General Assembly and to oversee the administration of those grant payments for use by a non-profit, public benefit research institute that conducts research and development for government agencies, commercial businesses, foundations, and other organizations as well as commercializes technology. Due to the primary government being the sole source of funding, it is able to impose its will on the Partnership. The administrative offices are located at 901 East Byrd Street, Post Office Box 798, Richmond, Virginia 23218-0798.

Fort Monroe Federal Area Development Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in formulating a reuse plan for Fort Monroe. The Governor appoints a majority of the 18-member board and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at Old Quarters #1, 151 Bernard Road, Fort Monroe, Virginia 23651. Cherry, Bekaert, & Holland, LLP, audits the Authority, and a separate report is issued.

Assistive Technology Loan Fund Authority (nonmajor) – The Authority was created as a political subdivision and public body corporate by the *Code of Virginia*. The Governor appoints the board of directors as directed by the *Code*. The Authority manages a fund to provide loans to individuals to acquire assistive technology, other equipment, or other authorized purposes designed to help disabled individuals become more independent. The administrative offices are located at 1602 Rolling Hills Drive, Suite 107, Richmond, Virginia 23229. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia National Defense Industrial Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority fosters and promotes business, technology, transportation, education, economic development and other efforts in support of the mission, execution, and transformation of the United States military and national defense activities located in the Commonwealth. The Governor appoints a majority of the 16-member board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Byrd Street, Post Office Box 798, Richmond, Virginia 23218-0798. The Auditor of Public Accounts audits the Authority, and a separate report is issued.

Virginia Sesquicentennial of the American Civil War Commission (nonmajor) – The Commission was established to prepare for and commemorate the sesquicentennial of Virginia's participation in the American Civil War. The Commission was formed under the Virginia Nonstock Corporation Act. The economic resources received or held by the Commission are entirely or almost entirely for the direct benefit of the primary government. The administrative offices are located at 910 Capitol Street, Richmond, Virginia 23219. Brown, Edwards & Company, LLP, audits the Commission, and a separate report is issued.

Virginia Land Conservation Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (part of primary government) by acquiring interests in preservation land and providing grants to other entities to acquire interests in preservation land. The Governor appoints the 18-member board, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 203 Governor Street, Suite 302, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of the Department of Conservation and Recreation and discloses its existence in that report.

Virginia Arts Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Virginia Commission for the Arts (part of primary government) by promoting the arts in the Commonwealth. The Governor appoints the board of trustees for the Virginia Commission for the Arts, which also serves as the board for the Virginia Arts Foundation. The Director of the Virginia Commission for the Arts serves as the board chairman. In addition, the primary government can impose its will on the Foundation. The administrative offices of the Foundation are

located at 223 Governor Street, Richmond, Virginia 23219. The Auditor of Public Accounts audits the Foundation as part of the Virginia Commission for the Arts.

Library of Virginia Foundation (nonmajor) – The Foundation was created as a private, non-profit 501 (c) (3) corporation supporting the Library of Virginia. The Foundation was established upon receipt of a major bequest. The articles of incorporation stipulate that the Foundation shall at all times be operated solely in connection with, and exclusively for the benefit of the Library of Virginia. The Foundation is governed by a separate board of directors and promotes and supports the Library of Virginia in all activities. The administrative offices of the Foundation are located at 800 East Broad Street, Richmond, Virginia 23219. Barcalow & Hart, PLLC, audits the Foundation, and a separate report is issued.

(4) Related Organizations – Organizations for which the primary government appoints a majority of the board, but is not financially accountable, are related organizations. Related organizations are:

Tobacco Settlement Financing Corporation – The Corporation was created by the Tobacco Settlement Financing Corporation Act, Chapters 482 and 488 of the Acts of the General Assembly during the 2002 General Assembly Session. The Corporation is a public body corporate entity and an independent instrumentality of the Commonwealth, managed by a six-member board, including the State Treasurer. The Corporation purchased all of the future tobacco settlement revenue allocated to the Tobacco Indemnification and Community Revitalization Commission, a discrete component unit of the Commonwealth. Neither the Commonwealth's nor the Virginia Foundation for Healthy Youth (formerly the Virginia Tobacco Settlement Foundation, component unit) tobacco revenue was securitized. The administrative offices of the Corporation are located at 101 N. 14th Street, 3rd Floor, Post Office Box 1879 Richmond, Virginia 23218-1879. Clifton Gunderson, LLP, audits the Corporation, and a separate report is issued.

Virginia Recreational Facilities Authority – The Authority was created as a political subdivision and instrumentality of the Commonwealth and given separate corporate powers by the *Code of Virginia*. The Governor appoints the 13-member board of directors. The Authority operates educational programs, tourism, and commerce in the Roanoke Valley. The address for the administrative offices of the Authority is 5204 Bernard Drive SW, Post Office Box 29800, Roanoke, Virginia 24018. Robinson, Farmer, Cox Associates audits the Authority, and a separate report is issued.

Jamestown-Yorktown Foundation, Inc. – The non-profit corporation was created by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The corporation board consists of five members selected from the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Corporation's basic activities consist of soliciting and collecting contributions, purchasing artifacts, sponsoring events and exhibits, and overseeing investments. The administrative offices of the Corporation are located at 2207 Colonial Parkway, Post Office Box 3605, Williamsburg, Virginia 23187. Cherry, Bekaert & Holland, LLP, audits the Corporation, and a separate report is issued.

Jamestown-Yorktown Educational Trust – The Trust was created as a non-profit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Trust board consists of six members selected from the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Trust operates the Jamestown Settlement and Yorktown Victory Centers' gift shops and café. The address for the administrative offices of the Trust is 2207 Colonial Parkway, Post Office Box 3605, Williamsburg, Virginia 23187. Goodman and Company, LLP, audits the Trust, and a separate report is issued.

Virginia Birth-Related Neurological Injury Compensation Program – The Program was created to provide a no-fault alternative for birth-related neurological injuries. The Governor appoints the seven-member board. The administrative offices of the Program are located at 7501 Boulders View Drive, Suite 210, Richmond, Virginia 23225. KPMG, LLP, audits the Program, and a separate report is issued.

Chesapeake Bay Bridge and Tunnel Commission – The Commission was created to establish policy and administer operations of the Chesapeake Bay Bridge Tunnel District. Any of the 11 members of the Commission appointed or reappointed on or after July 1, 1998, shall be appointed by the Governor, subject to confirmation by each house of the General Assembly. The administrative offices of the Commission are located at 32386 Lankford Highway, Cape Charles, Virginia 23310. KPMG, LLP, audits the Commission, and a separate report is issued.

C. Government-wide and Fund Financial Statements

The Government-wide Financial Statements, the Statement of Net Assets and the Statement of Activities, report information on all nonfiduciary activities of the primary government and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Also, the primary government activity is reported separately from the legally separate component units for which the Commonwealth is financially accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a specific function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. In addition, to the extent that indirect costs are allocated to the various functions, the program expenses will include both direct and indirect costs. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit, as well as investment income generated by operations. Program revenues also include grants, contributions, and investment income that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items properly excluded from program revenues are reported as general revenues.

Net assets are restricted when constraints are placed on them that are imposed by external parties or constitutional provisions. Designations solely imposed by the Commonwealth's management are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, the Commonwealth's policy is to use the restricted resources first. Some institutions of higher education may follow a different policy.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. However, fiduciary funds are not included in the government-wide statements. Major governmental funds, enterprise funds, and component units are reported as separate columns in the fund financial statements, with nonmajor funds being aggregated into a single column.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year (or one year for Medicaid). Significant revenues subject to accrual include federal grants and income and sales taxes. Income tax revenues for tax underpayments are only recognized to the extent of the primary government's estimated refunds for tax overpayments received. Revenues that the primary government earns by incurring obligations are recognized in the same period as when the obligations are recognized.

Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when the payment is due.

The primary government reports the following major governmental funds:

General Fund – Accounts for the transactions related to resources received and used for those services traditionally provided by a state government, and which are not accounted for in any other fund. These services include general government, legislative and judicial activities, public safety, health and mental health programs, resources and economic development, licensing and regulation, and primary and secondary education.

Commonwealth Transportation Special Revenue Fund – Accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is received from highway user taxes, fees, and funds received from the federal government.

Federal Trust Special Revenue Fund – Accounts for all federal dollars received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, and institutions of higher education.

Literary Fund Special Revenue Fund – Accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings.

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds, and component units are reported using the economic resources measurement focus and the full accrual basis of accounting. As with the government-wide statements, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus since they only report assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, provides governments two options for reporting their enterprise funds (including component units reporting as business-type activities). All enterprise funds reported herein, with the exception of the State Lottery (major enterprise fund), Department of Alcoholic Beverage Control (nonmajor enterprise fund), Behavioral Health Local Funds (nonmajor enterprise fund), the Virginia Biotechnology Research Partnership Authority (nonmajor component unit), the A. L. Philpott Manufacturing Extension Partnership (nonmajor component unit), the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit), and the Innovation and Entrepreneurship Investment Authority (nonmajor component unit) apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The State Lottery (major enterprise fund), Department of Alcoholic Beverage Control (nonmajor enterprise fund), Behavioral Health Local Funds (nonmajor enterprise fund), the Virginia Biotechnology Research Partnership Authority (nonmajor component unit), the A. L. Philpott Manufacturing Extension Partnership (nonmajor component unit), the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit), and the Innovation and Entrepreneurship Investment Authority (nonmajor component unit) apply all of these pronouncements, and also apply all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Foundations' (component units) financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. The financial statements are prepared under FASB rather than GASB standards. In some instances, activities of the foundations (component units) are reported separately within the footnotes because of the different reporting standards. Also, some foundations (component units) have a December 31st or March 31st year-end rather than a fiscal year-end. Foundations (component units) with different year-ends are included in these financial statements for the year ending December 31, 2009, or March 31, 2010. Significant intrafund activity/balances between each higher education institution and their foundations have been eliminated. However, Old Dominion University (nonmajor component unit) reported the following intrafund balances that could not be eliminated because of differing year-ends: institution assets of $73.8 million and liabilities of $71.2 million, and foundation assets of $64.8 million and liabilities of $79.5 million. Longwood University (nonmajor component unit) reported the following intrafund balances that could not be eliminated because of differing year-ends: institution expenses of $2.8 million and foundation assets of $0.2 million and revenues of $2.7 million.

The primary government reports the following major enterprise funds:

State Lottery Fund – Accounts for all receipts and expenses of the State Lottery.

Virginia College Savings Plan Fund – Administers the Virginia Prepaid Education Program.

Unemployment Compensation Fund – Accounts for receipts from employers and expenses incurred to provide benefits to eligible unemployed workers.

Additionally, the primary government reports the following fund types:

Governmental Fund Types:

Special Revenue Funds – Account for transactions related to resources received and used for restricted or specific purposes.

Debt Service Funds – Account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations.

Capital Project Funds – Account for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds. The primary resource for these funds is the proceeds of bond issues and energy performance contracts. Principal uses are for construction and improvement of state office buildings, correctional and mental health facilities, and parks.

Permanent Funds – Account for transactions of the Commonwealth Health Research Fund, the Prescription Monitoring Fund, and the Behavioral Health Endowment Funds whose principal must remain intact and whose income is used to benefit the Commonwealth's citizens and mental health patients.

Proprietary Fund Types:

Enterprise Funds – Account for transactions related to resources received and used for financing self-supporting activities of the primary government that offer products and services on a user-charge basis to external users.

Internal Service Funds – Account for transactions related to the financing and sale of goods or services provided by the agencies of the primary government to other agencies and institutions of the Commonwealth. Activities include the provision of information technology, manufacturing activities, insurance programs, fleet services, facilities and property management, and engineering services.

Fiduciary Fund Types:

Private Purpose Trust Funds – Account for transactions of all other trust arrangements in which the principal and income benefit individuals, private organizations, or other governments. These trusts include those for escheat property, educational savings plan, and others.

Pension and Other Employee Benefit Trust Funds – Account for transactions of the Commonwealth administered retirement systems and other employment benefits.

Investment Trust Fund – Accounts for the external portion of the Local Government Investment Pool that is sponsored by the Commonwealth.

Agency Funds – Account for amounts held in trust by the primary government for others. Agency funds include those funds established to account for the collection of taxes and fees for distribution to localities and other states, employee benefits, deposits of insurance carriers, child support collections and other miscellaneous accounts.

E. Budgetary Process

Budgetary amounts shown in the Required Supplementary Information and Combining and Individual Fund Statements and Schedules Sections represent the total of the original budgeted amounts and all supplemental appropriations. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. Unexpended appropriations at the end of the fiscal year generally lapse. However, they may be reappropriated for expenditure in the following fiscal year. The Governor, as required by the *Code of Virginia*, submits a budget composed of all proposed expenditures for the Commonwealth, and of estimated revenues and borrowing for a biennium, to the General Assembly. Budgets are adopted for the General and Special Revenue Funds, except for the Literary (major) – Special Revenue Fund. Formal budgetary integration is not employed for the Capital Projects (nonmajor), Debt Service (nonmajor), Permanent Funds (nonmajor), and the Literary – Special Revenue (major) because effective budgetary control is alternatively achieved through the General Fund and the remaining Special Revenue Funds.

The budget is prepared on a biennial basis; however, the budgets of the General and Special Revenue Funds contain separate appropriations for each year within the biennial budget, as approved by the General Assembly and signed into law by the Governor. For management control purposes, the budget is controlled at the program level. The Governor may transfer an appropriation within a state agency or from one state agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded. Increases in General Fund appropriations must be approved by the General Assembly.

Appropriations for programs funded from Special Revenue Funds may allow expenditures in excess of the original appropriations to the extent that revenues of the funds exceed original budget estimates and such additional expenditures are approved by the Governor through supplemental appropriations.

F. Cash, Cash Equivalents, and Investments

Cash

In order to maximize the Commonwealth's earning potential, the majority of the primary government's cash balances are pooled together in the general account for investment purposes. The amounts required for operations are liquidated as needed. Since all amounts not required for operations are held in investment securities, it is possible that the cash balances could be negative due to timing differences in liquidating the investments.

As of June 30, 2010, the General Fund had a negative cash balance of $3.9 billion. In order to properly reflect the general account position, this negative cash balance has been eliminated in the accompanying statements and offset against the primary government's cash equivalents and investments (see Note 6).

Cash Equivalents

Cash equivalents are investments with an original maturity of 90 days or less.

Investments

Investments are principally comprised of monies held by component units, Pension and Other Employee Benefit Trust Funds, and monies held by the State Treasurer in both the general account and other fiduciary accounts.

Governmental and proprietary funds, both primary government and component units, report investments in money market and in the Commonwealth sponsored investment pools at amortized cost which approximates fair value. All other investments are reported at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Investments administered by the Virginia Retirement System (the System) are reported at fair value. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. Investments in affiliated organizations are accounted for on the equity method of accounting and the System's share of their earnings (losses) for the period is included in investment income using the equity method.

Investments of higher education institutions (component units) are reported at fair value, except for money market investments and investments in the Commonwealth sponsored investment pools, which are reported at amortized cost.

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes (see Note 13).

G. Receivables

Receivables in the governmental funds consist primarily of the accrual of taxes, as well as receivables of the primary government's Medicaid program. Receivables in the proprietary funds consist primarily of tuition contribution receivables. Receivables of fiduciary funds are primarily the accrual of security transactions in the Pension and Other Employee Benefit Trust Funds and the accrual of local sales taxes in the Agency Funds. Receivables of the component units consist primarily of mortgage receivables, loan receivables, patient receivables, and student receivables. Receivables are recorded net of allowances for doubtful accounts (see Note 7).

H. Contributions Receivable, Net

Contributions Receivable reported by the foundations (component units) represents pledges or unconditional promises to give that have been discounted (see Note 8).

I. Internal Balances

Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities (see Note 9).

J. Inventory

Inventories consist of materials and supplies and are reported as expenditures when consumed. These assets are offset by a fund balance reserve that indicates they are not available for spending. Inventories exceeding $1 million of the General and the Special Revenue Funds are maintained at cost using the first-in, first-out (FIFO) methodology, except for the following:

- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)
- Department of Health (VDH)
- Department for the Blind and Vision Impaired (DBVI)

VSP inventories are recorded in the General (major) and Other Special Revenue (nonmajor) Funds using the average cost methodology and are maintained at cost. VDOT inventories are recorded in the Commonwealth Transportation Fund (major) using the FIFO and average cost methodologies and are maintained at either cost or average cost. VDH inventories are recorded in the General (major), Health and Social Services Special Revenue (nonmajor), and Federal Trust (major) Funds. These inventories are maintained at cost based on either FIFO or the average cost methodology. DBVI inventories are maintained at cost or average cost based on the FIFO methodology and are recorded in the General (major) and Health and Social Services Special Revenue (nonmajor) Funds.

In addition to inventories maintained as stated above, the following agencies reported donated inventory on hand at June 30, 2010:

- Department of Health (VDH)
- Department of Corrections (DOC)
- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Juvenile Justice (DJJ)

Inventories maintained by Correctional Enterprises (internal service fund) are stated at the lower of cost or market using FIFO. Inventories maintained by the Virginia Museum of Fine Arts (nonmajor enterprise fund), the Science Museum of Virginia (nonmajor enterprise fund), and the Consolidated Laboratory (nonmajor enterprise fund) are stated at cost using FIFO. Inventories maintained by the internal service funds except for Correctional Enterprises are stated at cost using FIFO.

Inventories maintained by the Department of Alcoholic Beverage Control (nonmajor enterprise fund) are stated at average cost using FIFO.

The Virginia Industries for the Blind (nonmajor enterprise fund) maintains inventories at cost using the average cost methodology.

Institutions of higher education (component units) use several methods for inventory valuations, including cost using FIFO, the lower of cost or market using FIFO, or weighted average methods. Inventories maintained by the Virginia Horse Center Foundation (nonmajor component unit) are stated at the lower of cost or market using FIFO. Inventories maintained by the Virginia Port Authority (nonmajor component unit) are reported using the moving average unit cost methodology. Inventories at the gift shop run by the Library of Virginia Foundation are stated at net realizable value.

K. Prepaid Items

Prepaid assets for rent, insurance, and similar items are recognized when purchased and expensed when used.

L. Interfund Loans Receivable/Payable

Loans Receivable/Payable represents working capital advances from one fund to another (see Note 9).

M. Other Assets

Other Assets include those balances of a miscellaneous nature that are not specifically classified elsewhere (see Note 10).

N. Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the Government-wide Statement of Net Assets. Capital assets of the other funds and component units are capitalized in the fund in which they are utilized. All depreciable capital assets are depreciated on the straight-line basis over their useful lives (see Note 12).

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets from entities external to the reporting entity are stated at fair market value at the time of donation. Asset transfers or donations from within the reporting entity are recorded at the carrying value of the transferring entity as required by GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The primary government capitalizes all equipment that has a cost or value greater than $50,000 and expected useful life of greater than two years. The primary government capitalizes all land, water rights/easements, buildings, infrastructure, and software that have a cost or value greater than $100,000 and an expected useful life of greater than two years. Selected agencies, business-type entities, and component units utilize a capitalization limit lower or higher than the primary government's established thresholds for various reasons. Accordingly, reported capital assets may include some items that cost less than those thresholds. Infrastructure, including highways, bridges, and rights-of-way, is capitalized using the historical approach and includes any assets acquired prior to fiscal year 1980.

The primary government's capitalization policy regarding works of art/historical treasures is that capitalization is encouraged, but not required, for works of art/historical treasures that meet the following conditions:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain;
- The collection is protected, kept unencumbered, cared for and preserved; and,
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection.

The primary government capitalizes construction-in-progress when project expenditures, including construction of intangible assets, exceed $100,000. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset. Expenditures are classified as construction-in-progress if:

(1) They extend the asset life, improve productivity, or improve the quality of service; and,

(2) They fall into the planning, acquisition, construction, improvement, renovation, repair, replacement, relocation, or demolition phase of the asset life.

The estimated lives of capital assets are as follows:

	Years
Buildings	10–75
Equipment	2–50
Infrastructure	5–50
Software	5–35

Selected agencies, business-type entities, and component units may utilize estimated lives and policies that differ from the above for various reasons.

O. Accounts Payable

Accounts payable represent amounts, including salaries and wages, owed for goods and services received prior to year-end. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, accounts payable also includes payments for nonexchange transactions that met eligibility requirements prior to year-end (see Note 23).

P. Unearned and Deferred Revenue

Unearned revenue represents monies received or revenues accrued but not earned as of June 30, 2010. Deferred revenue represents revenues accrued but not available to finance expenditures of the current fiscal period. The majority of unearned revenue is reported by higher education institutions (component unit), where it is primarily composed of revenue for student tuition accrued in advance of the semester and advance payments on grants and contracts. In the General Fund (major), deferred revenue represents receivables that will be collected after August 31, 2010. In the Special Revenue Funds, unearned revenue is composed primarily of federal grant money received but not spent. In the enterprise funds, a majority of unearned revenue represents on-line ticket monies received by the State Lottery (major) for which corresponding drawings have not been held and unearned revenues of Consolidated Laboratory (nonmajor). In the internal service funds, it represents primarily unearned premiums for the Risk Management Fund and prepaid rent and work orders for the Property Management Fund. Additionally, in the Virginia Information Technologies Agency internal service fund, unearned revenue relates to the transfer and purchase of assets for transition agencies and advanced customer receipts. Unearned revenues in the other component units consist primarily of the deferral of fees related to various activities.

Q. Deferred Taxes

Deferred taxes represent the deferral of income taxes withheld or received for the period January through June 2010. This amount is the estimate to be refunded (overpayments by taxpayers) reduced by the estimate to be received (underpayments from taxpayers) that will be finalized when income tax returns are filed in subsequent years. Individual income tax estimated overpayments total $855,115,266 and estimated underpayments total $290,900,524. This results in deferred taxes of $564,214,742.

Corporate income tax estimated overpayments total $62,966,911 and estimated underpayments total $60,282,315. This results in deferred taxes of $2,684,596.

R. Obligations Under Securities Lending Program

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, liabilities resulting from these transactions have been recorded as obligations under securities lending transactions.

S. Other Liabilities

Other liabilities represent amounts owed for various governmental and proprietary activities. Some of these amounts will be paid shortly after fiscal year-end (see Note 24).

T. Claims Payable

Claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable at June 30, 2010. This includes both actual claims submitted, as well as actuarially determined claims incurred but not reported. Claims relating to the primary government's liability insurance programs are reported in the Risk Management – internal service fund and the Risk Management – nonmajor enterprise fund. Also, health insurance claims are reported in the Health Care – internal service fund and the Local Choice Health Care – nonmajor enterprise fund (see Notes 22.A. and 22.B.). Claims payable reported by the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit) represents estimated malpractice, workers' compensation, and medical claims payable amounts. Accrued workers' compensation costs for the Virginia International Terminals (a discrete component unit of the Virginia Port Authority – nonmajor component unit) represent accrued costs for the Company's estimate of its continuing liability for injuries which occurred during periods of self-insurance.

U. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. The governmental fund statements reflect the portion of long-term liabilities that will be paid from expendable resources that represent payments to employees for separations that occurred prior to June 30. The proprietary fund statements and discrete component unit statements reflect total long-term liabilities and distinguish between those portions payable within one year and those payable in future years (see Note 26).

Bond premiums and discounts, as well as significant issuance costs, are deferred and amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund (nonmajor) when due. In these fund statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures (see Note 26).

V. Reserved Fund Balances

Reserved fund balances indicate that portion of fund balance that is not available to fund operations or is legally segregated for specific future use. Fund balance reservations are not specifically denoted in instances where the nature of the fund dictates the entire amount is reserved.

W. Unreserved, Designated Fund Balances

Designations of fund balance, as shown in Note 4, are established to reflect tentative plans for future utilization of current financial resources. It is the policy of the primary government to designate the portion of fund balance set aside by the General Assembly through the Appropriation Act to fund tentative but approved future plans. Unexpended appropriations approved by the Governor to be used to fund expenditures of the ensuing fiscal year are also reflected through a designation of fund balance. It is the policy of the primary government to limit such designations in the event that their accumulation and presentation would cause a negative unreserved, undesignated fund balance to occur.

X. Unreserved, Undesignated Fund Balances

The unreserved, undesignated basis of budgeting fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated fund balance described in Notes 1.V. and 1.W. above.

Y. Cash Management Improvement Act

Included in "Due to Other Governments" is the Commonwealth's Cash Management Improvement Act (CMIA) interest liability to the federal government, which is calculated in accordance with the interest calculation and exchange provisions of the Federal Cash Management Improvement Act of 1990. The Commonwealth's interest liability is subject to review and final confirmation by the Financial Management Service (FMS) of the U.S. Treasury. The payment is to be made on March 31, 2011. Payment will be made from a sum sufficient appropriation authorized for this purpose by the Appropriation Act. The CMIA interest rate of exchange is based by law on the average of the bond equivalent rates of 13-week Treasury Bills auctioned during the annual reporting period as calculated by FMS.

Z. Investment Income

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investment income reported in the accompanying financial statements include changes in the fair value of investments and the amount reported may be negative. Additionally, the Commonwealth's policy is to record all unrealized gains or losses for the Treasurer's Portfolio in the General Fund.

AA. Intrafund Eliminations

Eliminations have been incorporated into the report to eliminate intrafund transactions within the related fund type. These eliminations prevent overstatement of financial activity.

BB. Interfund Activity

Generally, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are 1) activities between funds reported as governmental activities and funds reported as business-type activities, and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions.

In the fund financial statements, transfers represent the movement of resources between funds. For example, transfers are recorded when a fund receives revenue and subsequently disburses the resources to another fund for expenditure.

2. RESTATEMENT OF BEGINNING BALANCES

The government-wide beginning balance restatements resulted from the following:

GOVERNMENTAL ACTIVITIES:

- The Commonwealth implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* effective for the fiscal year ending June 30, 2010. Accordingly, Governmental Activities have been restated by $32.0 million to record intangible capital assets. Additionally, balances were previously understated by $0.9 million due to various agencies' failure to record capital assets at the time of acquisition.

- As discussed on pages 34 and 91, the Communications Sales and Use Tax Fund is included in the General Fund for fiscal year 2010. While there is no beginning balance impact, this change does affect the comparability of revenue and expenses between fiscal years 2010 and 2009.

COMPONENT UNITS

- The Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit) has a restatement of $28.8 million for the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. In addition, a restatement of $12.8 million is for the inclusion of the Children's Hospital. The Authority became the sole corporate member of the Children's Hospital, a not-for-profit corporation, effective June 30, 2010 and this merger qualified and was accounted for under the pooling-of-interests accounting method.

- Radford University (nonmajor component unit) has a restatement of $5.2 million for the implementation of GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets*.

- George Mason University (nonmajor component unit) has been restated for $10.9 million for an unreported liability of a foundation.

FUND STATEMENTS

The fund statement beginning balance restatements resulted from the following:

- The Private Purpose Trust Funds have been restated by $21.1 billion due to a reporting change with the Education Savings Trust Funds. Since the Commonwealth does not control the daily activities nor bear fiduciary responsibility for these amounts, the CollegeAmerica and CollegeWealth savings plans are no longer reported in the accompanying financial statements.

Beginning Balance Restatement

(Dollars in Thousands)

	Balance as of June 30, 2009	GASBS No. 51 Intangible Assets	GASBS No. 53 Derivatives	Change in Reporting Entity	Correction of Prior Year Errors	Balance June 30, 2009 as restated
Government-wide Activities:						
Primary Government:						
Governmental Activities	$ 16,075,111	$ 32,087	$ -	$ -	$ 857	$ 16,108,055
Business-type Activities	215,509	-	-	-	-	215,509
Total Primary Government	$ 16,290,620	$ 32,087	$ -	$ -	$ 857	$ 16,323,564
Component Units	$ 18,006,029	$ 5,199	$ 28,780	$ 12,837	$ (10,967)	$ 18,041,878
Fund Statements - Fiduciary Funds						
Private Purpose Funds	$ 22,437,535	$ -	$ -	$ (21,120,845)	$ -	$ 1,316,690
Pension Trust Funds	$ 42,588,649	$ -	$ -	$ -	$ -	$ 42,588,649
Investment Trust Funds	$ 3,703,191	$ -	$ -	$ -	$ -	$ 3,703,191
Fund Statements - Component Units:						
Virginia Housing Development Authority	$ 2,119,413	$ -	$ -	$ -	$ -	$ 2,119,413
Virginia Public School Authority	149	-	-	-	-	149
University of Virginia	5,627,764	-	-	-	-	5,627,764
Virginia Polytechnic Institute and State University	1,491,987	-	-	-	-	1,491,987
Virginia Commonwealth University	1,760,827	-	28,780	12,837	-	1,802,444
Nonmajor Component Units	7,005,889	5,199	-	-	(10,967)	7,000,121
Total Component Units	$ 18,006,029	$ 5,199	$ 28,780	$ 12,837	$ (10,967)	$ 18,041,878

3. DEFICIT FUND BALANCES / NET ASSETS

The General Fund ended fiscal year 2010 with a deficit fund balance of $674.3 million on a modified accrual basis of accounting. This is due primarily to the effects of accrual items. These accruals generally result in decreases to fund balance and are similar in nature to previous years.

The State Lottery (major enterprise fund) and Department of Alcoholic Beverage Control (nonmajor enterprise fund) ended the year with deficit net assets of $5.7 million and $16.6 million, respectively. This was solely attributable to the net pension obligation resulting from GASB Statement No. 27*, Accounting for Pensions by State and Local Governmental Employers* and the net other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Since the Commonwealth is the employer, the agencies do not report this liability in their individually published financial statements.

The Virginia College Savings Plan (major enterprise fund) ended the year with a deficit net assets balance of $209.3 million. This deficit is mostly attributable to the projected unfunded actuarial liability calculated by the plan's actuary.

The Unemployment Compensation Fund (major enterprise fund) ended the year with a deficit net assets balance of $36.3 million. The deficit was the result of benefits paid to claimants in accordance with the Virginia Unemployment Compensation Act exceeding employer contributions and reserve balances in the Unemployment Trust Fund.

The Wireless E-911 Service Board (nonmajor enterprise fund) ended the year with a deficit net assets balance of $435 thousand. The deficit was a result of the Wireless E-911 service board issuing more grants in fiscal year 2010 than in previous years that consumed the beginning retained earnings.

The Virginia Information Technologies Agency (internal service fund) ended the year with a deficit net assets balance of $35.1 million. The deficit was a result of operating expenses exceeding revenues.

The Property Management Fund (internal service fund) ended the year with a deficit net assets balance of $11.1 million. This deficit was the result of the purchase of a leasehold interest in a state-owned building in fiscal year 2006. Also, the Property Management Fund incurred additional capital lease liabilities due to transfers of leases from other state agencies in fiscal year 2009.

The Risk Management Fund (internal service fund) ended the year with a deficit net assets balance of $357.4 million. The deficit was the result of the Worker's Compensation Program having estimated claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated.

The Payroll Service Bureau (internal service fund) ended the year with a deficit net assets balance of $299 thousand. The deficit was the result of liabilities exceeding the available equity in the fund.

The Virginia Public School Authority (major component unit) ended the year with a deficit net assets balance of $25.2 million. This deficit is the result of an accrued credit against future debt service payments on Local School Bonds due from the localities subsequent to June 30.

The Virginia Economic Development Partnership (nonmajor component unit) ended the year with a deficit net assets balance of $288 thousand. This deficit occurs because the partnership's Statement of Net Assets reflects $3.3 million in non-current liabilities related to compensated absences, net pension obligation, and net other postemployment benefit obligation. The Partnership is funded mainly by state appropriation, which show current funding only.

The Virginia College Building Authority (nonmajor component unit) ended the year with a deficit net assets balance of $1.64 billion. This deficit occurred because the Authority issued bonds for the 21st Century College and Equipment programs subject to future appropriations from the General Fund of the Commonwealth without any other security.

4. GENERAL FUND ANALYSIS – BASIS OF BUDGETING

The following schedule represents reservations and designations of General Fund balance on the basis of budgeting.

Reservations and Designations of Fund Balance
General Fund, Basis of Budgeting
June 30, 2010
(Dollars in Thousands)

Reserved Fund Balance:		
Revenue Stabilization Reserve Fund	$ 295,159	
Payroll Reserve for July 1, 2010 Payroll	83,051	
Lottery Proceeds Fund	1,421	
Total Reserved Fund Balance		379,631
Unreserved Fund Balance:		
Designated:		
Amount Required for Reappropriation of 2010 Unexpended Balances for Capital Outlay	6,099	
Central Capital Planning Fund	3,285	
Communication Sales and Use Tax	37,492	
3% Bonus for State Employees	82,200	
Natural Disaster Sum Sufficient	23,851	
Amount Required by Chapter 874	49,159	
Amount Required for Mandatory Reappropriation	103,557	
Accelerated Sales Tax for Transportation Trust Fund	27,748	
Federal Portion of Dominion Resources Refund	1,243	
Virginia Water Quality Improvement Fund - Part A	23,091	
Virginia Water Quality Improvement Fund - Part B	13,352	
Amount Required for Discretionary Reappropriations	71,158	
Transportation Trust Fund	32,673	
Nonrecurring Expenditures	16,336	
Total Designated Fund Balance		491,244
Fund Balance, June 30, 2010		$ 870,875

Note: Effective for fiscal year 2010, statutory changes required the Communication Sales and Use Tax Fund to be reported as part of the General Fund for reporting purposes. This reporting change affects the General Fund balances reported in all financial statements and required supplementary schedules. Refer to page 34 for additional information.

5. REVENUE STABILIZATION FUND

In accordance with Article X, Section 8 of the *Constitution of Virginia*, the amount estimated as required for deposit to the Revenue Stabilization Fund must be appropriated for that purpose by the General Assembly. During fiscal year 2010, in accordance with the provisions of Article X, Section 8 of the *Constitution* and Section 2.2-1830 of the *Code of Virginia*, a withdrawal of $295 million was made from the fund.

The *Constitution* requires a deposit based on growth in income and retail sales tax revenue and allows revenue growth from increases in tax rates or the repeal of exemptions to be excluded, in whole or part, from the deposit calculation for up to six years. A deposit is not required based on fiscal year 2010 revenue collections when revenue increases from tax reform were included or excluded, including those derived from estimates.

Section 2.2-1829(b) of the *Code of Virginia* requires an additional deposit into the fund when specific criteria have been met. No such designation is required since the specified criteria were not met for fiscal year 2010.

The Revenue Stabilization Fund has principal and interest on deposit of $295 million reserved as a part of General Fund balance. The amount on deposit cannot exceed ten percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. The maximum deposit limit allowed is $1.38 billion and $1.35 billion, respectively, for fiscal year 2010 and fiscal year 2011.

In November 2010, the Virginia voters approved increasing the maximum deposit limit allowed from 10 percent to 15 percent of the average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years.

6. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2010, the carrying amount of cash for the primary government was $3,166,164,244 and the bank balance was $80,824,175. The carrying amount of cash for component units was $1,203,580,552 and the bank balance was $649,120,470. Cash equivalents are investments with an original maturity of 90 days or less. Cash and cash equivalents for foundations (component units) totaled $409,014,672 as of year-end. A portion of this amount and some balances during the year exceeded Federal Deposit Insurance Corporation (FDIC) insurance coverage. Foundation investments are disclosed in the Interest Rate Risk section of this note.

For purposes of this note, primary government includes governmental, business-type activities, and fiduciary funds. The deposits of the primary government and the component units, excluding foundations (component units), are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400 of the *Code of Virginia*. The act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of Federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50 percent to 100 percent of public deposits in the case of a bank and 100 percent to 110 percent for a savings institution. As stated in Note 1.Z., unrealized gains or losses for the Treasurer's Portfolio are recorded in the General Fund.

Certain deposits are held by trustees in accordance with the Trust Subsidiary Act, Section 6.1–32.8 et seq. of the *Code of Virginia*. The act requires that cash held by trustees while awaiting investment or distribution is not to be used by an affiliate bank of the trustee in the conduct of its business unless the affiliate bank delivers securities to the trust department as collateral that is at least equal to the fair value of the trust funds held on deposit in excess of amounts insured by the FDIC.

The Commonwealth is authorized, in accordance with the guidelines set forth in Section 2.2-4500 et seq. of the *Code of Virginia*, to invest public funds in the following:

- U.S. Treasury and agency securities
- Corporate debt securities
- Asset–backed securities
- Mortgage–backed securities
- Municipal securities
- AAA rated obligations of foreign governments
- Bankers' acceptances and bank notes
- Negotiable certificates of deposit
- Repurchase agreements
- Money market funds

Permitted investments include agency mortgage-backed securities, corporate or private label mortgage-backed securities, and asset-backed securities which by definition usually expose the investor to prepayment risk.

Prepayment risk, or the prepayment option granted the borrower, can create uncertainty concerning cash flows, can affect the price of the security causing negative convexity, and can expose the investor to reinvestment risk. Similarly, many agency and corporate securities are callable after some predetermined date at a predetermined price. The call options in regular agency debentures and some corporate securities can be open ended and may significantly impact cash flows, security pricing, and reinvestment risks of these securities.

Public funds held by the Commonwealth, public officers, municipal corporations, political subdivisions, and any other public body of the Commonwealth shall be held in trust for the citizens of the Commonwealth. Any investment of such funds pursuant to the provisions of this chapter shall be made solely in the interest of the citizens of the Commonwealth and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Certain investments held in trust by the Treasurer of Virginia in accordance with bond indentures and resolutions may have more restrictive investment policies. Investment policies of institutions of higher education (component units) are established by the institutions' governing boards.

The Board of Trustees of the Virginia Retirement System (the System) (part of primary government) has full power to invest and reinvest the trust funds in accordance with Section 51.1–124.30 of the *Code of Virginia*, as amended. This section requires the Board to discharge its duties solely in the interest of the beneficiaries and to invest the assets with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Board must also diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so. The System does not have investment policies that place specific restrictions on investments related to custodial risk, interest rate risk, credit risk, or foreign currency risk. The System investment portfolio is intended to be managed through diversification and prudent judgment, rather than through specific policy restrictions.

The information presented for the external investment pool was obtained from audited financial statements. Copies of the Local Government Investment Pool (LGIP) report may be obtained by writing the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218. Participation in this pool is voluntary.

Custodial Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Commonwealth may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Policies related to credit risk pertaining to the Commonwealth's securities lending program are found in the securities lending section of this note.

As of June 30, 2010, the primary government had $709,564,278 of cash equivalents and investments that were exposed to custodial risk as uninsured and uncollateralized. The System had $704,008,000 of this amount that consisted of various types of debt and equity securities that were held by counterparties' trust departments or agents, but not in the System's name. Common and preferred stocks represented $565,278,933 and mortgage-backed securities represented $110,066,000 of the total. The remainder was for various types of debt and equity securities. The component units had $20,903,260 of cash equivalents and investments that were exposed to custodial risk as uninsured and uncollateralized. Mutual and money market funds represented $17,996,812 and common and preferred stocks represented $1,347,440 of the total and the remainder was for various types of debt and equity securities.

As of June 30, 2010, the investments of the Pension and Other Employee Benefit Trust Funds were approximately 78 percent of the primary government investments, and 99 percent of those that were exposed to custodial risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Commonwealth has elected the Segmented Time Distribution method of disclosure.

The State Treasurer's guidelines limit the following maximum durations for any single security of the following investment types:

Security Type	Maximum Duration
Corporate Security	15 years
Asset-Backed Securities	5 years
Sovereign Government Obligations (excluding U.S.)	5 years
Negotiable Certificates of Deposit and Negotiable Bank Notes	5 years

The State Treasurer's guidelines further describe target durations for the overall general account portfolio of 1.7 years.

The System manages the risk within the portfolio using the effective duration or option-adjusted methodology. It is widely used in the management of fixed income portfolios in that it quantifies, to a much greater degree, the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the System's fixed income portfolios are managed in accordance with the System's investment guidelines, most of which are specific as to the degree of interest rate risk that can be taken.

At June 30, 2010, the Commonwealth had the following investments and maturities:

Primary Government Investments

(Dollars in Thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	$ 1,845,088	$ 453,605	$ 792,616	$ 311,635	$ 287,232
Corporate Notes	2,172,698	2,090,892	79,034	449	2,323
Corporate Bonds	644,478	32,300	336,313	198,892	76,973
Corporate and Other Credit	11,027,589	4,500,737	3,888,272	2,129,362	509,218
Corporate Mortgage-Backed Securities	68,186	-	-	502	67,684
Commercial Paper	1,506,187	1,506,187	-	-	-
Banker's Acceptance	41,046	41,046	-	-	-
Negotiable Certificates of Deposit	1,693,646	1,693,419	227	-	-
Reverse Repurchase Agreements	600,474	600,474	-	-	-
Repurchase Agreements	2,544,114	2,544,114	-	-	-
Municipal Securities	242,436	12,166	44,990	49,924	135,356
Asset-Backed Securities	1,022,034	369,216	354,556	24,264	273,998
Agency Mortgage-Backed Securities	1,849,216	69,171	1,567,670	22,842	189,533
Agency Unsecured Bonds and Notes	2,905,898	1,883,414	853,596	68,322	100,566
Mutual and Money Market Funds (Includes SNAP)	1,133,788	1,133,613	175	-	-
The Boston Company Pooled Employee Trust Fund	7,203	7,203	-	-	-
Guaranteed Investment Contracts	261,342	-	261,342	-	-
Fixed Income and Commingled Funds	1,824,870	140,168	219,566	1,465,136	-
Deposits with the U.S. Treasury for Unemployment Compensation	230,476	230,476	-	-	-
Investments held by broker-dealers under securities loans					
U. S. Government and Agency Securities	1,793,571	-	1,112,764	354,037	326,770
Corporate Bonds	669	-	216	453	-
Corporate and Other Credit	354,311	25,396	160,703	149,016	19,196
Other Debt Securities	26,195	-	-	26,195	-
Other	1,027,983	498,606	347,627	83,204	98,546
Total	$ 34,823,498	$ 17,832,203	$ 10,019,667	$ 4,884,233	$ 2,087,395

Component Unit Investments

(Dollars in Thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U. S. Treasury and Agency Securities	$ 756,969	$ 392,383	$ 139,352	$ 55,202	$ 170,032
Corporate Notes	73,513	24,916	39,320	7,582	1,695
Corporate Bonds	273,004	35,674	170,821	59,424	7,085
Corporate Mortgage Backed Securities	13,868	-	-	-	13,868
Commercial Paper	170,630	170,470	160	-	-
Negotiable Certificates of Deposit	63,706	60,861	2,845	-	-
Repurchase Agreements	44,272	44,272	-	-	-
Municipal Securities	3,567,389	25,254	113,624	82,252	3,346,259
Asset Backed Securities	166,393	19,520	67,408	22,564	56,901
Agency Unsecured Bonds and Notes	111,522	39,476	72,046	-	-
Agency Mortgage Backed	271,650	17,331	20,155	11,159	223,005
Mutual and Money Market Funds (Includes SNAP)	1,824,055	1,749,286	13,921	55,903	4,945
Guaranteed Investment Contracts	110,536	11,147	1,514	-	97,875
Fixed Income and Commingled Funds	3,001	3,001	-	-	-
Other	337,054	328,293	1,064	969	6,728
Total	$ 7,787,562	$ 2,921,884	$ 642,230	$ 295,055	$ 3,928,393

Foundation Investments

(Dollars in Thousands)

Investment Type	Fair Value
U.S. Treasury and Agency Securities	$ 594,765
Common & Preferred Stocks	806,608
Corporate Notes	5,241
Corporate Bonds	200,772
Negotiable Certificates of Deposit	7,742
Municipal Securities	3,525
Asset Backed Securities	3,935
Agency Mortgage Backed	24,800
Mutual Funds	407,896
Real Estate	213,723
Index Funds	329
Others	4,959,470
Total	$ 7,228,806

Note: Foundations represent FASB reporting entities defined in Note 1.B. A portion of these amounts are reported at cost rather than fair value because fair value was not available or readily determinable.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State Treasurer of the Commonwealth places emphasis on securities of high credit quality and marketability. At the time of purchase, the following limitations are in place:

- Bankers acceptances: P-1, Moody's and A-1, S&P
- Negotiable CDs and bank notes:
  - maturities of one year or less: P-1, Moody's and A-1, S&P
  - maturities over one year: Aa, Moody's and AA, S&P
- Commercial paper: P-1, Moody's and A-1, S&P
- Corporate Notes and Bonds: A3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P. However, each external investment manager may invest up to ten percent of their portfolio in Baa2/BBB rated bonds which, at a minimum, must be rated Baa2/BBB by two nationally recognized rating agencies (one of which must be either Moody's or S&P).
- Municipal Bonds: A3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Asset-backed securities: AAA by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Dollar denominated obligations of sovereign governments: Aaa, Moody's and AAA, S&P
- Commercial Mortgage-Backed Securities (CMBS) and Collateralized Mortgage Obligations (CMOs): AAA by two nationally recognized rating agencies, one of which must be Moody's or S&P

The following tables present the credit ratings for the majority of the investments of the primary government and component units as of June 30, 2010. The ratings presented below are using Standard & Poor's (S&P) and Moody's Investors Service (Moody's) rating scales. Within the primary government, the investments presented in the table represented 68.1 percent of the total debt securities, 8.9 percent of which were invested in corporate investments rated Aaa by Moody's. Within the component units, the investments presented in the table represented 86.5 percent of the total debt securities, 41.3 percent of which were invested in unrated Municipal Securities.

Credit risk for derivative instruments held by the Commonwealth results from counterparty risk assumed by the Commonwealth. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Commonwealth's credit risk related to derivatives is found in the Derivative Financial Instruments section of this note.

Policies related to credit risk pertaining to the Commonwealth's securities lending program are found in the Securities Lending section of this note.

Credit Rating - Primary Government

(Dollars in Thousands)

Investment	Amount	Rating Agency	Rating	Percent of Portfolio
Corporate and Other Credit	$ 3,083,821	Moody's	Aaa	8.86%
Agency Unsecured Bonds and Notes	2,630,921	Standard & Poor's	AAA	7.56%
Corporate and Other Credit	1,924,854	Moody's	NR	5.53%
U. S. Treasury and Agency Securities	1,845,088	N/A	N/A	5.30%
Investments held by broker-dealers under securities loans (U.S. Government and Agency Securities)	1,781,323	N/A	N/A	5.12%
Agency Mortgage Backed Securities	1,607,916	N/A	N/A	4.62%
Repurchase Agreements	1,600,000	Standard & Poor's	AAA	4.59%
Commercial Paper	1,372,302	Moody's	P-1	3.94%
Negotiable Certificates of Deposit	1,052,052	Moody's	P-1	3.02%
Fixed Income and Commingled Funds	654,817	Moody's	Baa1	1.88%
Mutual and Money Market Funds (Include SNAP)	647,684	Standard & Poor's	AAA	1.86%
Corporate and Other Credit	646,449	Moody's	B1	1.86%
Repurchase Agreements	638,630	Standard & Poor's	A-1	1.83%
Reverse Repurchase Agreements	600,474	Moody's	NR	1.72%
Corporate and Other Credit	593,211	Moody's	Baa2	1.70%
Corporate and Other Credit	536,060	Moody's	Baa1	1.54%
Asset Backed Securities	531,939	Standard & Poor's	AAA	1.53%
Corporate and Other Credit	514,240	Moody's	A2	1.48%
Corporate Notes	498,026	Moody's	Aa2	1.43%
Corporate and Other Credit	487,442	Moody's	B3	1.40%
Corporate Notes	466,321	Moody's	Aa3	1.34%

Credit Rating - Component Units

(Dollars in Thousands)

Investment	Amount	Rating Agency	Rating	Percent of Portfolio
Municipal Securities	$ 3,212,680	N/A	N/A	41.25%
Mutual and Money Market Funds (Include SNAP)	895,228	Moody's	P-1	11.50%
U. S. Treasury and Agency Securities	756,969	N/A	N/A	9.72%
Mutual and Money Market Funds (Include SNAP)	730,756	Standard & Poor's	AAA	9.38%
Other Debt Securities	328,711	N/A	N/A	4.22%
Mutual and Money Market Funds (Include SNAP)	141,242	N/A	N/A	1.81%
Agency Mortgage Backed Securities	140,057	Standard & Poor's	AAA	1.80%
Agency Mortgage Backed Securities	112,226	Moody's	Aaa	1.44%
Commercial Paper	106,481	Standard & Poor's	A-1+	1.37%
Municipal Securities	84,704	Standard & Poor's	AAA	1.09%
Agency Unsecured Bonds and Notes	81,259	Standard & Poor's	AAA	1.04%
Guaranteed Investment Contracts	79,961	Moody's	Aa3	1.03%
Negotiable Certificates of Deposit	63,706	N/A	N/A	0.82%

Concentration of Credit Risk

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The Commonwealth holds no investment in the securities of a single issuer that is more than five percent of the total market value of its investments. In addition, the Treasury and the System have individual investment policies limiting the amounts that may be invested in any single issuer.

It is the State Treasurer's policy that each portfolio will be diversified with no more than four percent of the value of the fund invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit. Certain portfolios are limited to amounts less than four percent of the value of the fund invested in the securities of any single issuer.

The System investment guidelines for each specific portfolio also limit investments in any corporate entity to no more than five percent of the market value of the account for both the internally and externally managed portfolios. There is no concentration of investments in any one organization that represents five percent or more of plan net assets available for benefits.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. All investments exposed to foreign currency risk were part of the System portfolio at June 30, 2010.

The System's currency risk exposure, or exchange rate risk, primarily exists in the international and global equity investment holdings. From time to time, the System's external managers may hedge their portfolios' foreign currency exposures with currency forward contracts. This will depend upon their views about a specific foreign currency relative to the U.S. dollar. The System's exposure to foreign currency risk is highlighted in the following table.

Currency Exposures by Asset Class

(Dollars in Thousands)

Currency	Cash & Cash Equivalents	Equity	Corporate Bonds	Private Equity	Real Estate	International Funds	Total
U.S. Dollar	$ -	$ -	$ -	$ -	$ -	$ 805,464	$ 805,464
British Pound Sterling	2,517	668,482	105,636	1,824	7,122	-	785,581
Japanese Yen	233	679,249	15,140	-	2	-	694,624
Hong Kong Dollar	5,659	543,176	-	-	-	-	548,835
South Korean Won	1,974	392,201	-	-	-	-	394,175
Swedish Krona	1,598	114,525	209,487	426	-	-	326,036
Indian Rupee	5,610	286,810	-	-	-	-	292,420
Euro Currency Unit	24,783	603,278	(381,322)	22,482	-	-	269,221
Canadian Dollar	1,713	286,749	(21,871)	-	-	-	266,591
New Taiwan Dollar	8,157	245,168	-	-	-	-	253,325
Swiss Franc	4,839	154,580	65,434	-	-	-	224,853
Brazil Real	4,939	212,113	782	-	-	-	217,834
South African Comm Rand	873	108,362	-	-	-	-	109,235
New Turkish Lira	561	94,558	-	-	-	-	95,119
New Zealand Dollar	501	35,011	54,218	-	-	-	89,730
Australian Dollar	1,932	59,475	16,728	-	-	-	78,135
Mexican New Peso	234	76,000	-	-	-	-	76,234
Thailand Baht	75	74,207	-	-	-	-	74,282
Malaysian Ringgit	73	70,814	-	-	-	-	70,887
Singapore Dollar	425	52,700	-	-	-	-	53,125
Indonesian Rupian	432	37,739	-	-	-	-	38,171
Norwegian Krone	285	36,367	(10,109)	-	-	-	26,543
Polish Zloty	247	25,177	888	-	-	-	26,312
Danish Krone	782	24,448	-	-	-	-	25,230
Israeli Shekel	269	14,478	-	-	-	-	14,747
Egyptian Pound	34	13,207	-	-	-	-	13,241
Russian Ruble (New)	-	9,937	-	-	-	-	9,937
Philippines Peso	989	7,467	-	-	-	-	8,456
Turkish Lira	7,189	-	-	-	-	-	7,189
Hungarian Forint	58	5,036	-	-	-	-	5,094
Czech Koruna	257	4,032	-	-	-	-	4,289
Omani Rial	-	1,919	-	-	-	-	1,919
UAE Dirham	-	1,636	-	-	-	-	1,636
Moroccan Dirham	42	1,104	-	-	-	-	1,146
Chilean Peso	-	522	-	-	-	-	522
Pakistan Rupee	-	296	-	-	-	-	296
Total	$ 77,280	$ 4,940,823	$ 55,011	$ 24,732	$ 7,124	$ 805,464	$ 5,910,434

Securities Lending

The State Treasury's securities lending program is managed by Deutsche Bank AG, New York (Deutsche Bank), under a contract dated March 31, 2006 and Novation Agreement dated November 23, 2009. The enabling legislation for the securities lending program is Section 2.2-4506 of Chapter 45 of the *Code of Virginia*, as amended. No violations of legal or contractual provisions were noted during the year. The general account participated in a securities lending program for the entire year.

All securities lending loans are on an open-ended or one-day basis and may be terminated by Treasury with a 24-hour notice or are term loans with the right of substitution. Per the contract with Deutsche Bank, all cash reinvestment securities attributable to loans made on the Commonwealth's behalf shall be maintained by Deutsche Bank, and Treasury cannot pledge or sell such collateral absent a default.

The State Treasury's contract with Deutsche Bank provides for loss indemnification against insolvency default with respect to lending transactions and in the case of reverse transactions as defined in the applicable Agency Securities Lending and Repurchase Agreement. Additionally, Deutsche Bank AG is liable for any losses experienced from reinvestment of cash collateral in investments not authorized by the provisions of the investment guidelines for the Commonwealth of Virginia agreed upon by both parties and made a part of the Agency Securities Lending and Repurchase Agreement. During the past year, Treasury disposed of $7.6 million of an asset-backed security in default. The sale price for the security was $0.415 per dollar of par, and total losses realized were $4.4 million.

When securities are loaned, the collateral received is at least 100 percent of fair value of the securities loaned and must be maintained at 100 percent or greater. There are no stated restrictions on the amount of securities that may be loaned, but the basic composition of the general account portfolio effectively restricts the maximum percentage of the portfolio that may be loaned. During the past fiscal year, approximately 33 percent of the general account securities were on loan.

During the past year, a combination of U.S. Treasury, agency, agency mortgage and corporate securities have been loaned, with the majority of the loaned securities being U.S. Treasury and agency securities. At June 30, 2010, all collateral received was in the form of cash.

Securities loaned for the Treasurer's cash collateral reinvestment pool, which consisted of 87.6 percent general account funds and 12.4 percent State Lottery funds as of June 30, 2010, had a carrying value of $1,437,690,921 and a fair value of $1,447,169,057. The fair value of the collateral received was $1,464,962,429 providing for coverage of 101.23 percent. As a result, the State Treasury assumes no credit risk on securities loaned. The carrying value of the cash collateral reinvestment pool received was $1,464,975,546 and the fair value of the investments purchased with the cash collateral was $1,452,206,741. As of June 30, 2010, the Treasurer's cash collateral reinvestment pool had an unrealized loss of $12.8 million, and is recorded in the General Fund as stated in Note 1.Z. This amount is included in the total Treasurer's Portfolio discussed earlier in this note.

Current cash reinvestment guidelines allow for a maximum weighted-average portfolio maturity of up to 60 days. At June 30, 2010, the cash reinvestment portfolio had a weighted average maturity of 14 days using the next interest reset date as the maturity date for floating rate securities. Using the expected maturity date, the weighted average maturity was 1.7 years and using the final maturity date, which assumes no pay downs on any asset-backed or mortgage-backed securities, the weighted average maturity was in excess of six years.

Treasury's current cash reinvestment guidelines allow for investment in government securities, AAA rated sovereign governments, asset-backed (including mortgage-backed) securities, commercial paper and corporate notes, negotiable certificates of deposit, liquid master notes and promissory notes, bank notes, repurchase agreements and registered money market funds. At June 30, 2010, the majority of cash reinvestments were in indemnified repurchase agreements and asset-backed (including mortgage-backed) floating rate securities. In order to ensure adequate liquidity and to reduce the reinvestment portfolio risk profile, all cash reinvestments made since August 2007 have been in overnight or short-term indemnified repurchase agreements.

At June 30, 2010, $31.0 million or 2.1 percent of the total cash reinvestment portfolio was out of compliance with Treasury's securities lending cash collateral investment guidelines due to various security ratings downgrades during the past few years. Included in the $31.0 million of out of compliance securities is a $15.0 million asset-backed security that Treasury has reason to believe is other than temporarily impaired therefore, Treasury has written off $1.2 million or $0.08 per dollar of par value of this security as of June 30. Subsequent to June 30, an additional $1,050,000 loss was realized for this security. Approximately 87.6 percent of these out of compliance securities are part of the general account portion of the securities lending program and the other 12.4 percent is the State Lottery's portion of the securities lending program. The Commonwealth regularly evaluates these positions to determine the most beneficial course of action going forward.

Under authorization of the Board of Trustees, the Virginia Retirement System (the System) lends its fixed income and equity securities to various broker-dealers on a temporary basis. This program is administered through an agreement with the System's custodial agent bank. All security loan agreements are collateralized by cash, securities, or an irrevocable letter of credit issued by a major bank, and have a market value equal to at least 102 percent of the market value for domestic securities and 105 percent for international securities. Securities received as collateral cannot be pledged or

sold by the System unless the borrower defaults. Contracts require the lending agents to indemnify the System if the borrowers fail to return the securities lent and related distributions, and if the collateral is inadequate to replace the securities lent. All securities loans can be terminated on demand by either the System or the borrowers. The majority of loans are open loans, meaning the rebate is set daily. This results in a maturity of one or two days on average, although securities are often on loan for longer periods. The maturity of loans generally does not match the maturity of collateral investments, which averages 24 days. At year-end, the System has no credit risk exposure to borrowers because the amounts it owes the borrowers exceed the amounts the borrowers owe it. The market value of securities on loan at June 30, 2010, was $4,603,717,000. The June 30, 2010, balance was composed of U.S. Government and agency securities of $1,792,822,000, corporate and other bonds of $380,507,000 and common and preferred stocks of $2,430,388,000. The value of collateral (cash and non-cash) at June 30, 2010, was $4,813,736,000.

At June 30, 2010, the invested cash collateral had a market value of $4,084,119,000 and was composed of commercial paper of $1,038,472,000, time deposits of $235,193,000, certificates of deposit of $448,683,000, floating rate notes of $1,747,969,000, asset backed securities of $13,328,000, and repurchase agreements of $600,474,000. As of June 30, 2010, the System's cash collateral reinvestment pool had an unrealized loss of $24 million.

Securities on loan are included with investments on the Statement of Net Assets. The invested cash collateral is included in the Statement of Net Assets as an asset and corresponding liability.

A foundation of the University of Virginia (major component unit) reports an obligation under securities lending of approximately $5.8 million. Since this foundation follows FASB rather than GASB reporting requirements, disclosures can be found in the individually published financial statements of the foundation.

7. RECEIVABLES

The following schedule (dollars in thousands) details the accounts, loans, interest, taxes, prepaid tuition contributions, security transactions, and other receivables presented in the major funds, aggregated nonmajor funds by type, internal service funds, fiduciary funds, major component units, and aggregated nonmajor component units, as of June 30, 2010:

	Accounts Receivable	Loans / Mortgage Receivable	Interest Receivable	Taxes Receivable	Prepaid Tuition Contributions Receivable
Primary Government:					
General	$ 820,443	$ 197	$ 464,449	$ 1,590,939	$ -
Major Special Revenue Funds:					
Commonwealth Transportation	197,687	27,770	-	128,324	-
Federal Trust	771,157	228	-	-	-
Literary	224,784	297,014	17,640	-	-
Nonmajor Governmental Funds	150,350	-	2,364	2,627	-
Major Enterprise Funds:					
State Lottery	54,838	-	-	-	-
Virginia College Savings Plan	6,577	-	4,440	-	266,457
Unemployment Compensation	148,233	-	-	-	-
Nonmajor Enterprise Funds	37,985	-	-	-	-
Internal Service Funds	12,243	-	-	-	-
Private Purpose	-	7	1,362	-	-
Pension and Other Employee Benefit Trust (1)	76,007	-	191,856	-	-
Investment Trust Fund	-	-	1,405	-	-
Agency Funds	208	-	-	109,003	-
Total Primary Government (2)	$ 2,500,512	$ 325,216	$ 683,516	$ 1,830,893	$ 266,457
Discrete Component Units:					
Virginia Housing Development Authority (3)	$ -	$ 8,076,234	$ 39,110	$ -	$ -
Virginia Public School Authority	-	-	44,884	-	-
University of Virginia	473,770	42,554	1,246	-	-
Virginia Polytechnic Institute and State University	55,144	33,259	860	-	-
Virginia Commonwealth University	341,867	29,595	729	-	-
Nonmajor Component Units	170,520	3,161,581	54,173	5,506	-
Total Component Units	$ 1,041,301	$ 11,343,223	$ 141,002	$ 5,506	$ -

Note (1): Other Receivables of the Pension and Other Employee Benefit Trust Fund of $586,247 (dollars in thousands) are made up $578,714 (dollars in thousands) in pending investment transactions, including the offsetting entries for $576,538 (dollars in thousands) in the investment overlay and swaps, $1,423 (dollars in thousands) in securities lending, and $753 (dollars in thousands) in other investment receivable; as well as $7,533 (dollars in thousands) in other receivables related to benefit plans.

Note (2): Fiduciary net receivables in the amount of $2,713,931 (dollars in thousands) are not included in the Government-wide Statement of Net Assets.

Note (3): VHDA reports $8,021,822 (dollars in thousands) as Restricted Loans Receivable, $37,714 (dollars in thousands) as Restricted Interest Receivable, and $6,749 (dollars in thousands) as Restricted Other Receivables.

Security Transactions	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Amounts to be Collected Greater than One Year
$ -	$ -	$ (1,855,842)	$ 1,020,186	$ 9,167
-	-	(27,081)	326,700	27,823
-	-	(14,559)	756,826	341
-	-	(216,861)	322,577	271,159
-	-	(96,866)	58,475	1,038
-	-	-	54,838	-
-	-	-	277,474	205,083
-	-	(34,212)	114,021	-
-	-	(1,991)	35,994	-
-	7,824	(332)	19,735	-
-	-	-	1,369	-
1,813,792	586,247	-	2,667,902	-
-	-	-	1,405	-
-	-	(65,956)	43,255	145
$ 1,813,792	$ 594,071	$ (2,313,700)	$ 5,700,757	$ 514,756
$ -	$ 12,772	$ -	$ 8,128,116	$ 7,916,701
-	-	-	44,884	44,884
-	28,649	(276,462)	269,757	49,958
-	33	(3,063)	86,233	38,792
-	82,829	(146,843)	308,177	23,391
-	86,048	(15,304)	3,462,524	3,040,527
$ -	$ 210,331	$ (441,672)	$ 12,299,691	$ 11,114,253

8. CONTRIBUTIONS RECEIVABLE, NET

The following schedule details the contributions receivable for foundations[1] included with the major component units, and aggregated nonmajor component units, as of June 30, 2010:

(Dollars in Thousands)

	Due in Less Than One Year	Due Between One and Five Years	Due in More Than Five Years	Subtotal	Present Value Discount (2)	Allowance for Doubtful Accounts	Contributions Receivable, Net
Discrete Component Units:							
University of Virginia	$ 50,726	$ 59,467	$ 12,352	$ 122,545	$ (6,403)	$ (9,139)	$ 107,003
Virginia Polytechnic Institute & State University	26,236	35,928	8,490	70,654	(1,284)	(1,220)	68,150
Virginia Commonwealth University	8,545	13,303	1,074	22,922	(1,986)	(790)	20,146
Nonmajor Component Units	44,280	78,519	31,518	154,317	(11,972)	(4,884)	137,461
Total Component Units	$ 129,787	$ 187,217	$ 53,434	$ 370,438	$ (21,645)	$ (16,033)	$ 332,760

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.
Note (2): The discount rate used to determine present value ranges from 0.29 percent to 9.00 percent.

9. INTERFUND AND INTER-ENTITY ASSETS/LIABILITIES

Due from/to Other Funds

Due from Other Funds are amounts to be received from one fund by another fund for goods sold or services rendered. Due to Other Funds are amounts owed by one fund to another fund for goods purchased or services obtained.

Included in the category Due from Other Funds are "Due from Other Funds," "Due from Internal Parties (governmental funds and business-type activities)," and "Due from External Parties (fiduciary funds)." Included in the category Due to Other Funds are "Due to Other Funds," "Due to Internal Parties (governmental funds and business-type activities)," and "Due to External Parties (fiduciary funds)." The following schedule shows the Due from/to Other Funds as of June 30, 2010.

Schedule of Due from/to Other Funds

June 30, 2010

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		**Primary Government**	
General Fund	$ 6,391	Major Enterprise Funds:	
		State Lottery	$ 51
		Nonmajor Enterprise Funds	5,606
		Internal Service Funds	734
Major Special Revenue Funds:			
Commonwealth Transportation	28,116	General Fund	27,748
		Internal Service Funds	368
Nonmajor Governmental Funds	9,101	Major Special Revenue Funds:	
		Commonwealth Transportation	6,181
		Federal Trust	2,194
		Major Enterprise Funds:	
		Unemployment Compensation	239
		Nonmajor Enterprise Funds	487
Major Enterprise Funds:			
Unemployment Compensation	1,157	General Fund	568
		Major Special Revenue Funds:	
		Commonwealth Transportation	259
		Federal Trust	134
		Nonmajor Governmental Funds	155
		Major Enterprise Funds:	
		State Lottery	4
		Nonmajor Enterprise Funds	24
		Internal Service Funds	13
Nonmajor Enterprise Funds	6	General Fund	6
Internal Service Funds	38,109	General Fund	19,530
		Major Special Revenue Funds:	
		Commonwealth Transportation	7,030
		Federal Trust	5,028
		Nonmajor Governmental Funds	4,735
		Major Enterprise Funds:	
		State Lottery	170
		Virginia College Savings Plan	28
		Nonmajor Enterprise Funds	1,235
		Internal Service Funds	353
Pension Trust	38	Private Purpose Trust	38
Total Primary Government	$ 82,918	Total Primary Government	$ 82,918

Schedule of Due from/to Internal/External Parties

June 30, 2010

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		**Primary Government**	
General Fund	$ 15	Investment Trust	$ 15
Nonmajor Governmental Funds	281	Agency	281
Internal Service Funds	121	Pension and Other Employee Benefit Trust	103
		Private Purpose Trust Funds	18
Pension and Other Employee Benefit Trust	48,107	General Fund	27,466
		Major Special Revenue Funds:	
		Commonwealth Transportation	7,592
		Federal Trust	4,171
		Nonmajor Governmental Funds	6,862
		Major Enterprise Funds:	
		State Lottery	254
		Virginia College Savings Plan	91
		Nonmajor Enterprise Funds	950
		Internal Service Funds	721
Total Primary Government	$ 48,524	Total Primary Government	$ 48,524

Interfund Receivables/Payables

Interfund Receivables/Payables are loans made by one fund to another.

The following schedule shows the Interfund Receivables/Payables for the primary government as of June 30, 2010. There were no Interfund Receivables/Payables for the component units as of June 30, 2010.

Interfund Receivables/Payables

June 30, 2010

(Dollars in Thousands)

Receivable From:	Amount	Payable To:	Amount
Primary Government		**Primary Government**	
Nonmajor Governmental Funds	$ 110,202	General Fund	$ 13,151
		Major Special Revenue Funds:	
		Commonwealth Transportation	6,000
		Federal Trust	8,746
		Major Enterprise Funds:	
		State Lottery	9,000
		Nonmajor Enterprise Funds	32,781
		Internal Service	40,524
Total	$ 110,202	**Total**	$ 110,202

Note: The loan payable to the General Fund will not be repaid within one year.

Due from/to Primary Government and Component Units

Included in this category is activity between the Commonwealth and its component units, as well as activity between component units.

The following due from primary government amounts represent General Fund (major governmental fund) appropriation available amounts that are due from the General Fund: University of Virginia (major component unit) - $7.0 million, Virginia Polytechnic Institute and State University (major component unit) - $0.1 million, Virginia Commonwealth University (major component unit) - $0.7 million, and nonmajor component units - $4.9 million. The General Fund reports $0.6 million of the due to component units in the governmental funds and the entire amount of $12.7 million is reported in the government-wide financial statements.

The following due from primary government amounts represent amounts due from the General Fund (major governmental fund) related to interest/rebate allocations: University of Virginia (major component unit) - $0.1 million, Virginia Polytechnic Institute and State University (major component unit) - $0.1 million, Virginia Commonwealth University (major component unit) - $0.2 million, and nonmajor component units - $7.6 million. In addition, a due from primary government amount due from the Federal Trust Special Revenue Fund (major governmental fund) to the Virginia College Building Authority (nonmajor component unit) of $3.6 million is for interest on BABs.

A $6.0 million due from primary government amount represents an amount due from a nonmajor governmental fund related to the Department of the Treasury's reimbursement programs primarily to nonmajor component units.

A $1.3 million due from primary government amount represents an amount due from a nonmajor governmental fund related to the pledging of monies towards an acquisition for the Virginia Museum of Fine Arts Foundation (nonmajor component unit). The entire nonmajor governmental amount is reported in the government-wide financial statements.

An $11.8 million due from component units in the Health Care Fund (internal service fund) represents amounts due from the following: University of Virginia (major component unit) - $0.1 million, Virginia Polytechnic Institute and State University (major component unit) - $2.4 million, Virginia Commonwealth University (major component unit) - $2.3 million, and nonmajor component units - $7.0 million.

A $0.4 million due from component units represents monies owed for administrative expenses from the Science Museum of Virginia Foundation (nonmajor component unit) to a nonmajor governmental fund. The entire nonmajor governmental amount is reported in the government-wide financial statements.

The following due from component units amounts represent amounts due from the Virginia College Building Authority (nonmajor component unit) related to the Department of the Treasury's reimbursement programs: University of Virginia (major component unit) - $6.8 million, Virginia Polytechnic Institute and State University (major component unit) - $12.7 million, Virginia Commonwealth University (major component unit) - $8.2 million, and nonmajor component units - $71.9 million. There is a due to component units of $9.7 million from the Virginia Commercial Space Flight Authority (nonmajor component unit) to a foundation of the Old Dominion University (nonmajor component unit). There is a $0.2 million due to component units from the Virginia Economic Development Partnership (nonmajor component unit) to the Virginia National Defense Industrial Authority (nonmajor component unit).

Due from/to Component Units and Fiduciary Funds

A $23.5 million due from component units in the Pension and Other Employee Benefit Trust Funds (fiduciary funds) represents amounts due from the following: University of Virginia (major component unit) - $5.3 million, Virginia Polytechnic Institute and State University (major component unit) - $3.6 million, Virginia Commonwealth University (major component unit) - $2.9 million, and nonmajor component units - $11.7 million.

Loans Receivable/Payable Between Primary Government and Component Units

The Virginia Commonwealth University (major component unit) loan of $6.2 million, the Norfolk State University (nonmajor component unit) loan of $8.5 million, and the George Mason University (nonmajor component unit) loan of $0.1 million were used to fund programs until bonds were issued. The Virginia Community College System (nonmajor component unit) loan of $1.6 million was used to advance fund federally-funded grant programs.

The $168.7 million in loans receivable from primary government represents loans from the Virginia Public School Authority (VPSA) to the Literary Special Revenue Fund (major governmental fund). The VPSA makes grants to local school divisions to finance the purchase of educational technology equipment. The VPSA makes these grants using the proceeds of notes issued for that purpose which will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Special Revenue Fund (major governmental fund).

10. OTHER ASSETS

The following table summarizes Other Assets as of June 30, 2010:

(Dollars in Thousands)

	Cash and Travel Advances	Unamortized Bond Issuance Expense	Other Assets	Total Other Assets
Primary Government:				
General	$ 2,431	$ -	$ -	$ 2,431
Major Special Revenue Funds:				
Commonwealth Transportation	316	-	-	316
Federal Trust	2,017	-	-	2,017
Nonmajor Governmental Funds	835	-	1,020	1,855
Major Enterprise Funds:				
State Lottery	1	-	-	1
Nonmajor Enterprise Funds	168	-	-	168
Internal Service Funds (1)	104	-	7,678	7,782
Agency Funds (2)	-	-	6	6
Total Primary Government	$ 5,872	$ -	$ 8,704	$ 14,576
Discrete Component Units:				
Virginia Housing Development Authority	$ -	$ 6,749	$ 34,443	$ 41,192
University of Virginia	1,537	494	17,982	20,013
Virginia Polytechnic Institute and State University	-	1,158	4,942	6,100
Virginia Commonwealth University	363	4,243	13,650	18,256
Nonmajor Component Units	6,559	64,452	16,882	87,893
Total Component Units	$ 8,459	$ 77,096	$ 87,899	$ 173,454

Note (1): The $7,678 (dollars in thousands) shown above represents a Virginia Information Technologies Agency interfund asset due from various governmental funds that will not be received within 60 days. This amount is reclassified to an internal balance on the Government-wide Statement of Net Assets.

Note (2): Other Assets of the Agency Funds represent prepaid expenses and advances to third party agents. The $6 (dollars in thousands) shown above is not included in the Government-wide Statement of Net Assets.

11. RESTRICTED ASSETS

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The Commonwealth Transportation Fund (major special revenue) and Debt Service and Capital Projects (nonmajor governmental funds) reported $575.4 million in restricted assets related to bond agreements. The Virginia Housing Development Authority (major component unit) reported restricted assets totaling $1.4 billion. The Virginia Public School Authority (major component unit) reported restricted assets of $82.6 million. Both major component unit's assets are restricted for debt service under a bond indenture agreement or other agreements. The Virginia Port Authority (nonmajor component unit) reported restricted assets of $115.0 million. Of this amount, $40.0 million are assets placed in an escrow account for construction projects, $45.3 million for debt service under a bond indenture agreement, $1.3 million for securities lending transactions, $19.1 million reserved as part of the Port Facility Revenue Bond requirement, $4.1 million for current expenses, and $5.2 million for other restrictions. The Virginia Resources Authority (nonmajor component unit) reported restricted assets of $688.9 million. Of this amount, $681.6 million is restricted for loans to local governments, bond indentures, or federal and state regulations for various revolving funds, and $7.3 million is restricted for the Operating Reserve Fund for the Virginia Pooled Financing Program. Hampton Roads Sanitation District Commission (nonmajor component unit) reported restricted assets of $141.4 million. Of this amount, $12.3 million is for debt service and $129.1 million is revenue bond construction funds. The Tobacco Indemnification and Community Revitalization

Commission (nonmajor component unit) reported restricted assets of $355.8 million to be used for financial aid to tobacco growers and to foster community economic growth.

The higher education institutions (component units) reported restricted assets totaling approximately $3.7 billion primarily for endowment and other contractual obligations. Included in this amount is approximately $2.8 billion of foundations' restricted assets. The two museum foundations, the Virginia Museum of Fine Arts Foundation (nonmajor component unit) and the Science Museum of Virginia Foundation (nonmajor component unit) had restricted assets of $150.3 million and $14.0 million, respectively, primarily for donor-imposed restricted endowments.

The remaining $23.6 million is spread among the Virginia Outdoors Foundation (nonmajor component unit), the Virginia Horse Center Foundation (nonmajor component unit), the Virginia Small Business Financing Authority (nonmajor component unit), the Virginia National Defense Industrial Authority (nonmajor component unit), the Virginia Arts Foundation (nonmajor component unit), the Library of Virginia Foundation (nonmajor component unit) and the Danville Science Center (nonmajor component unit).

12. CAPITAL ASSETS

The following schedule presents the changes in the Capital Assets:

Schedule of Changes in Capital Assets

Governmental Activities

(Dollars in Thousands)

	Balance July 1, as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	$ 2,063,282	$ 279,824	$ (54,698)	$ 2,288,408
Water Rights and / or Easements	5,136	13,616	-	18,752
Construction in Progress	3,191,829	1,418,593	(1,461,927)	3,148,495
Total Nondepreciable Capital Assets	5,260,247	1,712,033	(1,516,625)	5,455,655
Depreciable Capital Assets:				
Buildings (2)	3,015,747	90,322	(37,433)	3,068,636
Equipment	848,953	38,843	(16,454)	871,342
Infrastructure	21,811,151	1,918,228	(195,835)	23,533,544
Software	226,208	47,117	-	273,325
Total Capital Assets being Depreciated	25,902,059	2,094,510	(249,722)	27,746,847
Less Accumulated Depreciation for:				
Buildings	982,169	74,619	(31,708)	1,025,080
Equipment	466,208	53,606	(17,206)	502,608
Infrastructure	9,915,914	581,656	(40,409)	10,457,161
Software	73,500	17,099	-	90,599
Total Accumulated Depreciation	11,437,791	726,980	(89,323)	12,075,448
Total Depreciable Capital Assets, Net	14,464,268	1,367,530	(160,399)	15,671,399
Total Capital Assets, Net	$ 19,724,515	$ 3,079,563	$ (1,677,024)	$ 21,127,054

Note 1: Beginning balances have been restated by $32,944 (dollars in thousands) due to the implementation of GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets*, and the correction of prior year errors, as discussed in Note 2. Additionally, there have been reclassifications in the beginning balances of certain line items above.

Note 2: Includes a temporarily impaired asset with a carrying value of $2.97 million.

Depreciation Expense Charged to Functions of the Primary Government

June 30, 2010

(Dollars in Thousands)

Governmental Activities:	
General Government	$ 15,399
Education	13,850
Transportation	604,886
Resources and Economic Development	22,342
Individual and Family Services	22,105
Administration of Justice	35,736
Capital Assets held by the Internal Service Funds are charged to various functions	12,662
Total	$ 726,980

Schedule of Changes in Capital Assets

Business-type Activities

(Dollars in Thousands)

	Balance July 1	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	$ 1,977	$ -	$ -	$ 1,977
Construction in Progress	336	7,190	-	7,526
Total Nondepreciable Capital Assets	2,313	7,190	-	9,503
Depreciable Capital Assets:				
Buildings	18,320	949	-	19,269
Equipment	94,084	4,173	(27,629)	70,628
Infrastructure	1	-	(1)	-
Software	413	691	-	1,104
Total Capital Assets being Depreciated	112,818	5,813	(27,630)	91,001
Less Accumulated Depreciation for:				
Buildings	11,130	697	(66)	11,761
Equipment	78,138	5,518	(27,291)	56,365
Infrastructure	1	-	(1)	-
Software	122	135	-	257
Total Accumulated Depreciation	89,391	6,350	(27,358)	68,383
Total Depreciable Capital Assets, Net	23,427	(537)	(272)	22,618
Total Capital Assets, Net	$ 25,740	$ 6,653	$ (272)	$ 32,121

Note: There have been reclassifications in the beginning balances of certain line items above due to the implementation of GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets*.

Schedule of Changes in Capital Assets

Component Units

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Subtotal June 30	Foundations (2)	Total June 30
Nondepreciable Capital Assets:						
Land	$ 459,724	$ 26,761	$ (8,023)	$ 478,462	$ 263,549	$ 742,011
Construction in Progress	1,813,989	1,311,366	(1,584,150)	1,541,205	132,628	1,673,833
Inexhaustible Works of Art / Historical Treasures	73,896	1,342	-	75,238	16,950	92,188
Livestock	636	-	(57)	579	1,713	2,292
Total Nondepreciable Capital Assets	2,348,245	1,339,469	(1,592,230)	2,095,484	414,840	2,510,324
Depreciable Capital Assets:						
Buildings	8,798,278	1,247,890	(16,645)	10,029,523	903,290	10,932,813
Infrastructure	2,094,594	279,091	(2,756)	2,370,929	-	2,370,929
Equipment	2,459,200	214,578	(91,563)	2,582,215	116,649	2,698,864
Improvements Other Than Buildings	361,963	19,638	(2,506)	379,095	58,550	437,645
Library Books	695,441	34,866	(6,030)	724,277	-	724,277
Software	206,996	27,818	(3,735)	231,079	-	231,079
Other Intangible Assets	2,000	-	-	2,000	-	2,000
Total Capital Assets being Depreciated	14,618,472	1,823,881	(123,235)	16,319,118	1,078,489	17,397,607
Less Accumulated Depreciation for:						
Buildings	2,765,587	263,810	(9,417)	3,019,980	179,302	3,199,282
Infrastructure	1,040,288	67,987	(2,205)	1,106,070	-	1,106,070
Equipment	1,499,398	207,275	(80,059)	1,626,614	79,207	1,705,821
Improvements Other Than Buildings	198,949	15,966	(1,945)	212,970	24,470	237,440
Library Books	563,052	33,038	(5,815)	590,275	-	590,275
Software	121,067	21,747	(3,223)	139,591	-	139,591
Other Intangible Assets	667	133	-	800	-	800
Total Accumulated Depreciation	6,189,008	609,956	(102,664)	6,696,300	282,979	6,979,279
Total Depreciable Capital Assets, Net	8,429,464	1,213,925	(20,571)	9,622,818	795,510	10,418,328
Total Capital Assets, Net	$ 10,777,709	$ 2,553,394	$ (1,612,801)	$ 11,718,302	$ 1,210,350	$ 12,928,652

Note (1): Beginning balances have been restated for a change in reporting entity by the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – major component unit) and for the implementation of GASBS No. 51, *Accounting and Financial Reporting for Intangible Assets*, as discussed in Note 2. Additionally, there have been reclassifications in the beginning balances of certain line items above.

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Since foundations follow FASB rather than GASB reporting requirements, no amounts are reported in the software and other intangible assets categories for foundations.

13. DERIVATIVES

The Government Accounting Standards Board (GASB) issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* which requires additional reporting and disclosures for derivative instruments. The statement became effective with fiscal year 2010.

Primary Government

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates or financial indexes. They include futures, forwards, options and swap contracts. Some traditional securities, such as structured notes, can have derivative-like characteristics. In this case, the return may be linked to one or more indexes and asset-backed securities, such as collateralized mortgage obligations (CMOs), which are sensitive to changes in interest rates and prepayments. Futures, forwards, options and swaps generally are not recorded on the financial statements, whereas structured notes and asset-backed investments generally are recorded.

The Virginia Retirement System (the System) is a party, both directly and indirectly, to various derivative financial investments that may or may not appear on the financial statements and that are used in the normal course of business to enhance returns on investments and manage risk exposure to changes in value resulting from fluctuations in market conditions. These investments may involve, to varying degrees, elements of credit and market risk in excess of amounts recognized on the financial statements.

At June 30, 2010, the System had four types of derivative financial instruments – futures, currency forwards, options and swaps. Futures, currency forwards and options contracts provide the System with the opportunity to build passive benchmark positions; manage portfolio duration in relation to various benchmarks; adjust portfolio yield curve exposure; and gain market exposure to various indexes in a more efficient way and at lower transaction costs. Credit risks depend on whether the contracts are exchange-traded or exercised over-the-counter. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates.

Futures Contracts – Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily, in cash, with the exchanges. The net gains or losses resulting from the daily settlements are included in the System's financial statements. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. At June 30, 2010, the notional value of the System's investment in futures contracts is $3,188,352,000.

Currency Forwards – Currency forwards represent foreign exchange contracts and are used by the System to effect settlements and to protect the base currency ($US) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over-the-counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. At June 10, 2010, the market value of the System's currency forwards contracts is ($5,786,000).

Options Contracts – Options may be either exchange-traded or negotiated directly between two counterparties over-the-counter. Options grant the holder the right, but not the obligation, to purchase (call) or sell (put) a financial instrument at a specified price and within a specified period of time from the writer of the option. As a purchaser of options, the System typically pays a premium at the outset. This premium is reflected as an asset on the financial statements. The System then retains the right, but not the obligation, to exercise the options and purchase the underlying financial instrument. Should the option not be exercised, it expires worthless and the premium is recorded as a loss.

A writer of options assumes the obligation to deliver or receive the underlying financial instrument on exercise of the option. Certain option contracts may involve cash settlements based on specified indexes such as stock indexes. As a writer of options, the System receives a premium at the outset. This premium is reflected as a liability on the financial statements, and the System bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At June 30, 2010, the System's options balances had a notional value of ($8,738,000).

Swap Agreements – Swap agreements are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indices. Swaps are used to manage risk and enhance returns. To reduce the risk of counterparty nonperformance, the System generally requires collateral on any material gains from these transactions. During fiscal year 2010, the System entered into various swap agreements with a total notional value and fair value at June 30, 2010, of $2,227,116,000 and ($12,123,000), respectively. Credit defaults swaps balances had a notional value of $614.9 million and fair

value of ($9.2 million). Inflation rate swaps had a notional value of $34.8 million and fair value of $1.3 million. Interest rate swaps had a notional value of $980.7 million and fair value of ($4.5 million). Total return swaps had a notional value of $596.7 million and fair value of $280 thousand. Additional information is available in the Systems' separately issued financial statements which may be obtained from the Virginia Retirement System at P.O. Box 2500, Richmond, Virginia 23218-2500.

Component Units

Hedging Derivative Instruments

In December 2005, Virginia Commonwealth University (VCU) (major) entered into an interest rate swap agreement in anticipation of the issuance of General Revenue Pledge Bonds, Series 2006A and Series 2006B, which carry variable interest rates. The swap has a notional amount of $75,000,000, which declines over time to $5,035,000 at the termination date of November 1, 2030. VCU pays a fixed rate of 3.436 percent and the counterparty pays 67 percent of LIBOR (0.23 percent as of June 30, 2010). The payments are settled monthly at the first of each month. In December 2005, the Medical College of Virginia Hospitals (MCVH) which is a division of the Virginia Commonwealth University Health System Authority (a blended component unit of VCU), entered into an interest rate swap agreement in conjunction with the issuance of its Series 2005 tax-exempt bonds. The swap has a notional amount of $75,000,000, which declines over time to $8,000,000 at the maturity date of July 1, 2030. MCVH pays a fixed rate of 3.499 percent and the counterparty pays 67 percent of LIBOR (0.23 percent as of June 30, 2010). The payments are settled monthly at the first of each month. In June 2007, the MCVH entered into two interest rate swap agreements in anticipation of the issuance of the Series 2008 tax-exempt bonds. The swaps have a combined notional amount of $125,000,000, which declines over time to $15,700,000 at the termination date of July 1, 2037. MCVH pays a fixed rate of 3.84 percent and the counterparty pays 67 percent of LIBOR (0.23 percent as of June 30, 2010). The payments are settled monthly at the first of each month. At June 30, 2010, the negative fair market value of VCU's swap of $9,522,930 and MCVH's swaps of $39,292,301 are included in other liabilities in the accompanying financial statements. For the year ended June 30, 2010, the change in fair value of VCU's swap was $2,949,071 and MCVH's swaps was approximately $10,511,000 and is included in deferred outflows in the accompanying financial statements.

The fair value of VCU's derivative was calculated by Deutshe Bank using undisclosed proprietary methods. The fair values of MCVH's derivatives were calculated by Wells Fargo and Bank of America using undisclosed proprietary pricing models.

VCU and MCVH use interest rate swap agreements to limit exposure to rising interest rates on its variable rate debt. VCU and MCVH are exposed to interest rate risk on the interest rate swaps. On the pay-fixed, receive-variable interest rate swaps, as the LIBOR index decreases, VCU and MCVH's net payments on the swaps increase.

At June 30, 2010, the University of Virginia (UVA) (major) had two fixed-payer interest rate swaps totaling $100 million in notional amount. The swaps are used as cash flow hedges by UVA in order to provide a cash flow hedge against changes in interest rates on approximately $82.0 million of the variable rate Series 2003A Bonds maturing in June 2034 and a portion of approximately $20.0 million of outstanding commercial paper which may have various maturities of no greater than 270 days each. UVA pays fixed rates of 4.154 percent and 4.066 percent and the underlying index for the swaps is the Securities Industry and Financial Markets Municipal Swap Index (SIFMA). The floating rate on June 30, 2010 was 0.295 percent. The payments are settled monthly at the first of each month. The swaps were entered into in January 2007 and February 2007 and both swaps mature June 1, 2038. The swaps were entered into at a zero market value and no payments were made or received when they were initiated. At June 30, 2010, the negative market value of the swap of $13,775,850 is in other liabilities in the accompanying financial statements. The market value of the swaps has fallen by approximately $6.5 million over the reporting period and is included in deferred outflows in the accompanying financial statements.

The fair value was determined by using the quoted SIFMA index curve at the time of market valuation. UVA would be exposed to the credit risk of its swap counterparties any time the swaps had a positive market value. At June 30, 2010, UVA had no credit risk related to its swaps. As of June 30, 2010, UVA's swap counterparties were rated A from Standard & Poor's and A2 by Moody's. To mitigate credit risk, UVA limits market value exposure and requires the posting of collateral based on the credit rating of the counterparty. All counterparties are required to have at least an A-/A3 rating by Standard & Poor's and Moody's, respectively. As of June 30, 2010, no collateral was required to be posted by the counterparties.

Interest rate risk is the risk that an unexpected change in interest rates will negatively affect the collective value of a hedge and a hedged item. When viewed collectively, the hedges and the hedged item are subject to interest rate risk in that a change in interest rate will impact the collective market value of both the hedge and hedged item. Conversely, the collective effect of the hedges and the hedged item serve to reduce cash flow variability caused by changes in interest rates. Basis risk arises when different indexes are used in connection with a derivative resulting in the hedge and hedged item not experiencing price changes in entirely opposite directions from each other. UVA's swaps are deemed to be effective hedges of its variable rate debt with an amount of basis risk that is within the guidelines for establishing hedge effectiveness. Termination risk arises when the unscheduled termination of a derivative could have an adverse effect on UVA's strategy or could lead to potentially significant unscheduled payments. UVA's derivative contracts use the International Swap

Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination event. That is, the swap may be terminated by either party if the counterparty's credit rating falls below BBB/Baa2 in the case of Standard & Poor's and Moody's, respectively. UVA or the counterparty may also terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative market value, UVA would be liable to the counterparty for a payment equal to the swaps' market value.

The following schedule shows debt service requirements of VCU, MCVH, and UVA's bonds payable debt and net receipts/payments on associated derivative instruments. These amounts assume that current variable and reference rates on the hedging instruments will remain the same for their terms. As these rates vary, net receipt/payments on the hedging instruments will vary.

Maturity	Principal	Variable Interest	Derivative Instruments, Net	Total
2011	$ 4,920,000	$ 680,102	$ 12,289,305	$ 17,889,407
2012	5,110,000	670,444	12,123,792	17,904,236
2013	5,230,000	660,267	11,954,571	17,844,838
2014	5,530,000	649,724	11,775,861	17,955,585
2015	5,735,000	638,833	11,590,275	17,964,108
2016-2020	32,195,000	3,013,773	54,901,758	90,110,531
2021-2025	44,280,000	2,637,360	48,465,255	95,382,615
2026-2030	76,575,000	1,977,875	38,195,101	116,747,976
2031-2035	151,890,000	1,100,443	22,349,569	175,340,012
2036-2040	45,370,000	26,690	1,680,099	47,076,789
Total	$ 376,835,000	$ 12,055,511	$ 225,325,586	$ 614,216,097

Various foundations of higher education institutions have derivative instruments. The **foundations** follow FASB rather than GASB reporting requirements. Disclosures for the foundations' derivatives can be found in the individually published financial statements of the foundations.

14. RETIREMENT AND PENSION SYSTEMS

A separately issued financial report that includes financial statements and required supplemental information for each of the individual plans discussed below is publicly available. Copies may be obtained by writing to Virginia Retirement System, P. O. Box 2500, Richmond, Virginia 23218-2500.

A. Administration

The Virginia Retirement System (the System) is an independent agency of the Commonwealth that administers defined benefit pension plans, other employee benefit plans and other funds for Commonwealth employees, teachers, political subdivision employees, and other qualifying employees. The Board of Trustees is responsible for the general administration and operation of the plans. The Board consists of five members appointed by the Governor and four members appointed by the Joint Rules Committee, all subject to confirmation by the General Assembly. The Board of Trustees appoints a director to serve as the chief administrative officer of the System and a chief investment officer to direct, manage and administer the investment of the System's funds. The Board of Trustees has appointed Mellon Trust as the custodian of designated assets of the System.

The System administers four defined benefit pension plans: the Virginia Retirement System (VRS); State Police Officers' Retirement System (SPORS); Virginia Law Officers' Retirement System (VaLORS); and the Judicial Retirement System (JRS). In addition to the pension plans, the System administers three Other Employee Benefit Plans: Group Life Insurance Fund; Retiree Health Insurance Credit Fund; and the Virginia Sickness and Disability Program (VSDP).

B. Summary of Significant Accounting Policies (Virginia Retirement System)

Basis of Accounting

The financial statements of the pension and other employee benefit trust funds are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as earned by the plans. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value as determined by the System's master custodian, Mellon Trust, from its Global Pricing System. This pricing system assigns a price source, based on asset type and the vendor pricing products to which the master custodian subscribes, for every security held immediately following its acquisition. Prices supplied by these sources are monitored on a daily basis by the master custodian.

When a pricing source is unable to provide a price, quotes are sought from major investment brokers and market-making dealers; or internal calculations are applied if feasible. As a last resort, the master custodian will contact investment managers for a price. The master custodian prices commingled funds, partnerships, and real estate assets from statements received from the funds, partnerships, or investment managers.

The pricing sources utilized by the master custodian provide daily prices for equity securities, corporate, government and mortgage-backed fixed income securities, private placement securities, futures and options on futures, open-ended funds, and foreign exchange rates. Depending on the vendor, collateralized mortgage obligations (CMOs), adjustable rate mortgages (ARMs) and asset-backed securities are priced either daily, weekly or twice a month and at month-end. Municipal fixed income securities and options on Treasury/Government National Mortgage Association securities are priced at month-end.

The System's investment guidelines for each specific portfolio limits investments in any corporate entity to no more than 5.0 percent of the market value of the account for both the internally and externally managed portfolios. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net assets available for benefits.

C. Plan Description

Retirement Plans

The Virginia Retirement System is a qualified governmental retirement plan that provides defined benefit coverage for state employees, public school board employees, employees of participating political subdivisions and other qualifying employees. VRS is a mixed-agent and cost-sharing, multiple-employer retirement plan. The plan's accumulated assets may legally be used to pay all plan benefits provided to any of the plan members or beneficiaries. Contributions for fiscal year 2010, were $1.8 billion with a reserve balance available for benefits of $44.6 billion. At June 30, 2010, the VRS had 826 contributing employers.

Single-employer Retirement Plans

The Commonwealth administers the following single-employer retirement plans:

- State Police Officers' Retirement System (SPORS)
- Virginia Law Officers' Retirement System (VaLORS)
- Judicial Retirement System (JRS)

All full-time, salaried permanent employees of VRS participating employers are automatically covered under VRS, SPORS, VaLORS or JRS with the following exceptions: (1) certain full-time faculty and administrative staff of public colleges and universities; and (2) eligible classified employees of the two state teaching hospitals. These employees have the option to elect not to participate in the Virginia Retirement System. Benefit provisions and all other requirements are established by Title 51.1 of the *Code of Virginia*, as amended.

Benefits vest for all plans after five years of service. Vested VRS members are eligible for an unreduced retirement benefit at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit as elected by the employer. Vested SPORS and VaLORS members are eligible for an unreduced benefit at age 60 with at least five years of hazardous duty service credit or age 50 with at least 25 years of total service credit.

Annual retirement benefits are payable monthly for life in an amount equal to 1.7 percent of eligible members' average final compensation (AFC) for each year of service credit. AFC is the average of the member's 36 consecutive months of highest creditable compensation. The benefit for members of SPORS is calculated using a 1.85 percent multiplier. Members of SPORS also are eligible for a hazardous duty supplement, paid monthly, until they reach full Social Security retirement age.

Members of VaLORS hired before July 1, 2001, were allowed to make a one-time election to increase the multiplier from 1.7 to 2.0 percent instead of receiving a monthly hazardous duty supplement. VaLORS members who elected to retain the 1.7 percent multiplier are eligible for the supplement until age 65. Members of VaLORS hired after June 20, 2001, have their benefit computed using the 2.0 percent multiplier and are not eligible for the supplement.

Members of JRS receive weighted years of service credit for each year of actual service under JRS. VRS, SPORS, VaLORS, and JRS also provide death and disability benefits. A cost-of-living adjustment, based on changes in the Consumer Price Index and limited to 5.0 percent per year, is granted on July 1 of the second calendar year after retirement and is effective each July 1 thereafter.

Benefits for all vested members are actuarially reduced if they retire before becoming eligible for an unreduced retirement benefit, provided they meet age requirements for a reduced retirement benefit.

As required by Title 51.1 of the *Code of Virginia*, as amended, members contribute 5.0 percent of their annual compensation to the defined benefits plans. Employers may assume the 5.0 percent member contribution. If a member leaves covered employment, the accumulated contributions plus earned interest may be refunded to the member. Each participating employer is required by state statute to contribute the remaining amounts necessary to fund the retirement plans using the entry age normal actuarial cost method adopted by the board of trustees. Contributions for fiscal year 2010, were $20.7 million, $56.3 million, $20.2 million and reserved balances available for benefits of $533.9 million, $792.3 million, and $314.7 million for SPORS, VaLORS and JRS, respectively. State statute may be amended only by the General Assembly.

D. Funding Policy

The funding policy of the retirement plans provides for periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed using the entry age normal cost method for both normal cost and amortization of the unfunded actuarial accrued liability. Gains and losses are reflected in the unfunded actuarial accrued liability that is being amortized as a level percentage of payroll within 30 years or less.

The System's former actuary, Wachovia Retirement Services, computed the amount of contributions to be provided by state agency employers, state police and other Virginia law employers. The contribution rates for fiscal year 2010 were based on the actuary's valuation as of June 30, 2007. Employer contributions by the Commonwealth to VRS, SPORS, VaLORS, and JRS were 6.26 percent, 20.05 percent, 14.23 percent, and 34.51 percent, respectively, of covered payrolls. These rates were lower than the actuary's recommended rates to VRS, SPORS, VaLORS, and JRS of 8.02 percent, 24.09 percent, 16.78 percent, 38.04 percent, respectively. Additionally, employer contributions were suspended for April, May and the first half of June 2010.

In addition to determining contribution requirements, the actuarial computations present an estimate of the discounted present value of the prospective accrued liability contributions that employers will have to pay in the future so that such contributions, together with the assets on hand, the normal contributions to be made in the future by employers and members and the income earned by investing funds, will be sufficient to provide all benefits to be paid to present members in the future as well as the annuitants and their designated beneficiaries.

E. Annual Pension Cost and Net Pension Obligation

The following table (dollars in thousands) shows the Commonwealth's annual pension cost and net pension obligation to the VRS, SPORS, JRS, and VaLORS for the current and prior years.

	VRS			SPORS		
	2010	2009	2008	2010	2009	2008
Annual required contribution	$ 360,232	$ 355,608	$ 316,649	$ 32,341	$ 31,894	$ 29,718
Interest on net pension obligation	71,709	62,199	54,933	8,075	7,227	6,587
Adjustment to annual required contribution	(75,995)	(65,798)	(56,436)	(8,550)	(7,653)	(6,777)
Annual pension cost	355,946	352,009	315,146	31,866	31,468	29,528
Contributions made	(176,189)	(225,079)	(218,256)	(15,730)	(20,175)	(20,990)
Increase in net pension obligation	179,757	126,930	96,890	16,136	11,293	8,538
Net pension obligation, beginning of year	956,186	829,256	732,366	107,662	96,369	87,831
Net pension obligation, end of year	$ 1,135,943	$ 956,186	$ 829,256	$ 123,798	$ 107,662	$ 96,369
Percentage of annual pension cost contributed	49.5%	63.9%	69.3%	49.4%	64.1%	71.1%

	JRS			VaLORS		
	2010	2009	2008	2010	2009	2008
Annual required contribution	$ 29,483	$ 28,427	$ 28,284	$ 80,603	$ 80,509	$ 79,420
Interest on net pension obligation	5,520	4,985	4,553	21,446	19,313	17,589
Adjustment to annual required contribution	(5,845)	(5,279)	(4,684)	(22,708)	(20,450)	(18,096)
Annual pension cost	29,158	28,133	28,153	79,341	79,372	78,913
Contributions made	(17,065)	(21,000)	(22,387)	(39,027)	(50,932)	(55,929)
Increase in net pension obligation	12,093	7,133	5,766	40,314	28,440	22,984
Net pension obligation, beginning of year	73,605	66,472	60,706	285,946	257,506	234,522
Net pension obligation, end of year	$ 85,698	$ 73,605	$ 66,472	$ 326,260	$ 285,946	$ 257,506
Percentage of annual pension cost contributed	58.5%	74.6%	79.5%	49.2%	64.2%	70.9%

The amounts in the previous table include governmental and component unit activity for which the Commonwealth is considered the employer. It does not include the VRS liability for the Virginia Economic Development Partnership (component unit), the Virginia Tourism Authority (component unit), the Fort Monroe Federal Area Development Authority (component unit), and the Virginia National Defense Industrial Authority (component unit) of $2.2 million, $1.1 million, $154,802, and $86,091, respectively. The table also excludes the non-VRS pension liability of $91.5 million for all other component units and includes the fiduciary pension liability of $6.7 million.

The contribution rates were determined during the actuarial valuation conducted as of June 30, 2007. These valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return, per year compounded annually; (b) projected salary increases ranging from 3.5 percent to 5.6 percent, including a 2.5 percent inflation component; and (c) 2.5 percent per year COLA. Valuation techniques were applied to smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll. The remaining closed amortization period at June 30, 2010, was 20 years. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

F. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
		Virginia Retirement System (VRS)				
2009	$ 53,185	$ 66,323	$ 13,138	80.2%	$ 14,948	87.9%
		State Police Officers' Retirement System (SPORS)				
2009	$ 647	$ 879	$ 232	73.6%	$ 101	230.0%
		Virginia Law Officers' Retirement System (VaLORS)				
2009	$ 913	$ 1,412	$ 499	64.7%	$ 359	138.9%
		Judicial Retirement System (JRS)				
2009	$ 378	$ 521	$ 143	72.6%	$ 63	228.4%

Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plans and the annual contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

G. Defined Contribution Plan for Political Appointees

Officers appointed by the Governor, officers elected by popular vote or the General Assembly, and executive branch chief deputies and confidential assistants may participate in the deferred contribution plan for Political Appointees, rather than the VRS. This optional retirement plan is authorized by the *Code of Virginia* and offered through the ING Institutional Plan Services (ING). This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's (6.26 percent) and the employee's (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2010, the total contributions to this plan were $726,109.

The summary of significant accounting policies for the plan is in accordance with those discussed in Note 14. B.

H. Defined Contribution Plan for Public School Superintendents

The Public School Superintendent Plan is a defined contribution pension plan that provides optional postemployment benefits for school superintendents. This plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school board for credit to the member. At June 30, 2010, there were two participants in this plan. Total contributions to the plan for fiscal year 2010 were $29,279.

I. Virginia Supplemental Retirement Plan

The Virginia Supplemental Retirement Plan is a defined contribution pension plan established by the Department of Education to provide an optional postemployment benefit plan for turnaround specialists in the public school system. This plan is utilized as an incentive to attract highly skilled teachers for participating public schools pursuant to the *Code of Virginia* by Title 51.1-617. The Board

of Trustees of the System manages the investments of the fund as custodian. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school boards for credit to the members. At June 30, 2010, there were two participants in this plan. There were no contributions to the plan for fiscal year 2010.

J. Higher Education Fund (Component Unit)

The Commonwealth's colleges and universities participate in the VRS, a mixed-agent and cost-sharing multiple-employer retirement plan. The System issues a separate stand-alone report that is publicly available as previously discussed.

In addition, full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in an optional retirement annuity program, rather than the VRS. Optional retirement plans are authorized by the *Code of Virginia* and provide retirement and death benefits. The optional retirement annuity programs are offered through Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) Insurance Companies, Variable Annuity Life Insurance Company (VALIC), Fidelity Investments, Inc., Vanguard, and others. Overall, these are defined contribution programs where the retirement benefits received are based upon the Commonwealth's (5.4 percent) and employees' (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2010, the total contributions to these plans were:

TIAA-CREF	$	95,291,471
VALIC		2,772,914
Fidelity Investments		56,392,319
Vanguard		5,243,241
Others		1,352,398
Total	$	161,052,343

The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – major) contributes to the VRS. The System issues a separate stand-alone report that is publicly available as previously discussed. Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan (the plan). All employees, excluding house staff, working at least 20 hours per week in a benefit eligible position are eligible to participate in the plan. Per the plan document as approved by the Authority's Board of Directors, the Authority contributes up to ten percent of the participant's salary to the plan not to exceed the lesser of (a) the amount in accordance with Internal Revenue Code 415(d), or (b) 100 percent of the participant's compensation for such limitation year. Total contributions for the year ended June 30, 2010, were approximately $14,577,000. The Authority has the right at anytime, and without the consent of any party, to terminate the plan in its entirety. The Authority's Board of Directors must approve any changes to the provisions of the plan, including the contribution requirements, in writing. The Authority has also established the Virginia Commonwealth University Health System Authority Health Care Providers Defined Contribution Plan (the HCP plan). All persons hired as a health care provider on or after July 1, 1993, and prior to July 1, 1997, and working at least 35 hours of service per week were eligible to participate in the HCP plan. At June 30, 2010, there were five actively employed participants in the HCP plan. Total contributions to the HCP plan for the year ended June 30, 2010, were approximately $36,000.

Previously, the MCV Associated Physicians (MCVAP) (a component unit of the Authority) sponsored the MCVAP 403(b) Retirement Fund (the 403(b) Plan), a defined contribution plan which covered substantially all non-medical employees of MCVAP. As of January 1, 2002, no additional contributions were made to this plan.

MCVAP also sponsors the VCUHS 401(a) Retirement Plan, a defined contribution plan which covers all non-medical employees of MCVP and the VCUHS 457(b) Savings Plan, a salary reduction plan that represents employee contributions. These plans became effective on January 1, 2002, and replaced the MCVAP 403 (b) plan for all non-medical staff. The contributions to the VCUHS 401(a) for the period ended June 30, 2010, were approximately $1,864,000.

MCVAP also sponsors the MCVAP 401(a) Retirement Plan (the 401(a) plan), a noncontributory, defined contribution plan which covers substantially all full-time eligible clinical providers of MCVAP. Contributions to the 401(a) plan, as determined annually at the discretion of the board of directors were approximately $10,524,000 for the year ended June 30, 2010.

VA Premier (a component unit of the Authority) adopted a 401(k) plan sponsored by Fidelity Investments. Employees become eligible to participate in the plan after completing one year of service. There is no minimum service or age requirement to be in the 401(k) plan. Employees may contribute one percent to 15 percent of their compensation. VA Premier will match 50 percent of the employees' contributions up to four percent of the employees' compensation. Matching will occur based on the bi-weekly pay periods. In addition, VA Premier contributes three percent of the employee's compensation after each bi-weekly payroll effective when the employee begins employment.

Employees are fully vested after four years of service in which the employees have at least 1,000 hours of service each year. The total expense to VA Premier in fiscal year 2010 was approximately $921,000.

Effective June 2007, the Carolina Crescent Health Plan (a component unit of the Authority) (CCHP) adopted a 401(k) plan, for which Fidelity Investments is the trustee. All terms are consistent with the VA Premier 401(k) plan. CCHP's expense for its contributions to this plan was approximately $196,000 for the year ended June 30, 2010.

Effective January 1, 1997, James Madison University (nonmajor) established a Supplemental Retirement Plan for tenured faculty members. The plan was designed to provide flexibility in the allocation of faculty positions. The plan is a qualified plan within the meaning of section 401(c) of the Internal Revenue Code of 1986 (the Code) and is a governmental plan within the meaning of section 414(d) of the Code. Since it is a governmental plan, the plan is not subject to the Employee Retirement Income Security Act of 1974 as amended. Since inception, 175 faculty members have elected to enroll in the plan. As of June 30, 2010, 63 participants remain, including 15 new participants who retired under this plan during fiscal year 2010 and 1 new participant who is scheduled to retire under this plan during fiscal year 2011. In order to satisfy IRS requirements, a trust fund has been established as a means to make the payments to the plan participants. The University prepaid $1,561,504 of the fiscal year 2011 plan contribution in 2010. The remaining 2011 plan contribution of $83,800 will be paid in 2011.

The Center for Innovative Technology (CIT) is a blended component unit of the Innovation and Entrepreneurship Investment Authority (nonmajor). The CIT has a defined contribution retirement plan covering substantially all employees. Under the plan, contributions are fixed at a percentage of each employee's compensation to pay premiums for individual retirement annuity contracts written by TIAA-CREF. Contributions for the plan totaled $378,622 in fiscal year 2010.

K. Other Component Units

Note 1.B. outlines the component units included in the Commonwealth's reporting entity. The Virginia Public Building Authority (blended - primary government), the Virginia Public School Authority (major), the Virginia College Building Authority (nonmajor), the Virginia University Research Partnership (nonmajor), and the Virginia Schools for the Deaf and Blind Foundation (nonmajor) have no employees. The Virginia Economic Development Partnership, the Small Business Financing Authority, the Hampton Roads Sanitation District Commission, the Virginia Biotechnology Research Partnership Authority, the A. L. Philpott Manufacturing Extension Partnership, the Virginia Tourism Authority, the Tobacco Indemnification and Community Revitalization Commission, the Virginia Foundation for Healthy Youth (formerly the Virginia Tobacco Settlement Foundation), the Virginia Land Conservation Foundation, the Virginia Arts Foundation, the Virginia National Defense Industrial Authority, and the Library of Virginia Foundation (all nonmajor) contribute solely to the VRS, a mixed-agent and cost-sharing multiple-employer retirement plan. The System issues a separate stand-alone report that is publicly available as previously discussed.

Full-time employees of the Virginia Housing Development Authority (major) participate in a defined contribution employees' retirement savings plan administered by the Authority. This is a noncontributory plan where the Authority incurs employment retirement savings expense equal to eight percent of full-time employees' compensation. Total retirement savings expense under this plan was $1,820,678 in fiscal year 2010.

The Virginia Outdoors Foundation (nonmajor) maintains a 401(k) contribution plan and provides an employer contribution to all eligible employees of two percent of their salary. Employees can contribute to the plan up to the IRS limit and the Foundation will match up to four percent of an employees' contribution.

The Virginia Port Authority (nonmajor) contributes to the VRS. The Authority also sponsors two single-employer noncontributory defined benefit pension plans. The Virginia Port Authority Pension Plans are administered by the Authority and provide retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions and obligations are established and may be amended by the board of commissioners of the Authority. The plan was restated October 1, 2001, to ensure compliance with additional regulations.

The components of annual pension cost and prepaid pension obligation for the first single-employer noncontributory defined benefit pension plan are as follows:

Trend Information

	2010	2009	2008
Service cost - benefits earned during the year	$ 2,834,000	$ 2,234,100	$ 2,136,300
Interest cost on projected benefit obligation	4,762,200	3,976,700	3,660,500
Expected return on assets	(3,535,600)	(4,027,000)	(4,286,500)
Net amortization and deferral	3,205,400	1,446,200	779,200
Annual pension cost	7,266,000	3,630,000	2,289,500
Contributions made	(7,920,000)	(2,482,000)	(1,640,100)
Increase (Decrease) in prepaid pension obligation	(654,000)	1,148,000	649,400
Prepaid pension obligation, beginning of year	(7,592,800)	(8,740,800)	(9,390,200)
Prepaid pension obligation, end of year	$ (8,246,800)	$ (7,592,800)	$ (8,740,800)

Costs have been computed in accordance with the aggregate cost method. Changes in plan provisions and actuarial assumptions, and actuarial gains and losses are not separately amortized under this method. Rather the impact is spread through the nominal cost component over the future working lifetime of participants. The actuarial present value of accumulated plan benefits is determined by an actuary from New York Life Benefit Services, LLC using end of year benefit information as of September 30, 2009 and 2008, respectively, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2010, 2009, and 2008.

Trend Information

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2010	$ 7,266,000	109 %	$ (8,264,800)
2009	$ 3,630,000	68 %	$ (7,592,800)
2008	$ 2,289,500	72 %	$ (8,740,800)

In November 2001, the second plan was amended to provide benefits to sworn police officers that more closely resemble the new retirement benefits provided to members of the Virginia Law Enforcement Officers Retirement System. The effect of those changes is included in the accompanying pension data.

The components of annual pension cost and prepaid pension obligation for the second single-employer noncontributory defined benefit pension plan are shown in the following schedule.

Trend Information

	2010	2009	2008
Service cost - benefits earned during the year	$ 1,111,163	$ 655,361	$ 642,254
Interest cost on projected benefit obligation	83,337	435,006	356,456
Expected return on assets	(135,251)	1,096,215	260,403
Net amortization and deferral	208,410	(1,310,223)	(458,630)
Annual pension cost	1,267,659	876,359	800,483
Contributions made	(923,681)	(1,185,944)	(1,166,439)
Additional minimum liability	-	-	-
Increase (Decrease) in pension obligation	343,978	(309,585)	(365,956)
Pension obligation, beginning of year	(1,803,344)	(1,493,759)	(1,127,803)
Prepaid pension obligation, end of year	$ (1,459,366)	$ (1,803,344)	$ (1,493,759)

The annual pension cost for the current year was determined as part of the July 2010 actuarial valuation using the aggregate actuarial cost method, which does not identify and separately amortize unfunded actuarial liabilities. Actual value of assets was determined using market value. The discount rate used in determining the actuarial present value of the projected benefit obligation was 7.50 percent in 2010, 6.82 percent in 2009, and 6.92 percent in 2008.

The following table sets forth the plan's funded status and the related amounts recorded in the Authority's balance sheets at June 30, 2010, 2009, and 2008.

Trend Information

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Prepaid Pension Obligation
2010	$ 1,267,659	73 %	$ (1,459,366)
2009	$ 876,359	135 %	$ (1,803,344)
2008	$ 800,483	146 %	$ (1,493,759)

The Authority also sponsors two noncontributory supplemental plans covering certain key employees. The plans had assets of $5,490,968 and an accrued liability of $6,312,214. Contributions made to the plans were $2,500,000 for the year ended June 30, 2010.

As of January 1, 2005, the Virginia Resources Authority began mandatory participation for all new employees and optional participation for then-current employees who chose to enroll in the VRS. For the year ended June 30, 2010, the Authority's annual pension cost of $98,593 was equal to the Authority's required and actual contributions.

The Assistive Technology Loan Fund Authority sponsors a Simple Employee Plan (SEP) for all of its employees. The Authority contributes five percent of each employee's wages, which is paid into their account managed by American Funds each pay period.

Employees of the Virginia Museum of Fine Arts Foundation who are age 21 or older are eligible to participate in the Employee's Savings Plan (the plan), a 401(k) defined contribution profit sharing plan. Under the plan, the Foundation may make a discretionary contribution. For the plan years ended June 30, 2010, and 2009, the Foundation contributed 8.4 percent of employees' gross income to the plan. In addition, contributions made by an employee up to 3 percent are matched 100 percent and contributions between 3 and 5 percent of the employee's gross income are matched 50 percent by the Foundation. Employees may contribute up to 100 percent of gross income each year as long as it is within the IRS limitation. Contributions paid to the plan by the Foundation on behalf of its employees were $99,579 for the fiscal year ended June 30, 2010. Also, the Foundation entered into a supplemental retirement agreement to pay a key employee of the Museum upon retirement the difference between the amount accrued under the VRS defined benefit plan, based on salary, and the amount based on the supplemental salary. The plan vests July 31, 2011. Therefore, no liability was recorded in the financial statements in fiscal year 2010. Contributions made to the plan began in 2010 totaling $22,170 as of June 30, 2010.

The Science Museum of Virginia Foundation has a 403(b) defined contribution pension plan through the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) Retirement Plan for employees meeting age and service requirements. The Foundation contributes an amount not to exceed three percent of the regular salary of each participant. The Foundation's employer contributions totaled $8,751 in 2010.

15. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other employment benefit plans, Group Life Insurance and the Virginia Sickness and Disability Program, which are administered by the Virginia Retirement System (the System). The System administers a third other employment benefit plan, the Volunteer Firefighters' and Rescue Squad Workers' Fund, in which the Commonwealth does not participate, but may provide funding. The significant accounting policies for all three plans are the same as those described in Note 14 for pension plans. A separately issued financial report that includes financial statements for the Group Life Insurance and Virginia Sickness and Disability Program is publicly available. Copies may be obtained by writing to the Virginia Retirement System, P. O. Box 2500, Richmond, Virginia 23218-2500.

Group Life Insurance

The Group Life Insurance Plan was established for Commonwealth employees, teachers, employees of political subdivisions participating in the VRS, state police officers, other state law enforcement and correctional officers, judges, and other qualifying employees. The program provides life insurance for natural death coverage equal to a members' annual compensation rounded to the next highest $1,000 and then doubled. Accidental death coverage is double the natural death benefit. The program also provides coverage for accidental dismemberment and accidental blindness, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit for terminal conditions. Approximately 358,562 members participate in the program at June 30, 2010.

Participating employers and their covered employees are required by Title 51.1 of the *Code of Virginia*, as amended, to contribute to the cost of group life insurance benefits. Employers may assume the employees' contributions.

An optional Group Life Insurance Fund was established for members covered under the group life program as a supplement to that plan. Members may purchase optional life insurance coverage for themselves, their spouses and/or their dependent children. The optional program provides natural death coverage equal to one, two, three or four times the member's annual compensation rounded to the next highest $1,000, up to a maximum of $600,000. Spouse coverage is available for up to one-half of the member's optional insurance amount. Minor children who are at least 15 days old can be insured for $10,000, $20,000 or $30,000, depending on the option chosen by the member. An additional accidental death and dismemberment benefit is payable for death or bodily injuries. Approximately 63,643 members were covered under this program at June 30, 2010.

Optional group life insurance coverage ends for members when they retire or terminate their employment, or when their basic coverage ends. Members who retire on disability may continue their optional coverage until age 65 provided they continue to pay the required insurance premiums. Spouse coverage terminates should a couple divorce or when the member leaves employment. Children's coverage ends with the termination of the member's coverage or when the child marries or turns 21 years of age (25 years of age for full-time college students).

Employers of members who elect optional life insurance coverage deduct the premiums from the members' paychecks, as required by Title 51.1 of the *Code of Virginia*, as amended. Premiums are based on the member's age and determined by the Board of Trustees. Because optional life insurance is an insured product, the carrier bills each employer directly, and the employer makes the contribution payments to the carrier. Any differences and adjustments are settled between the employer and the carrier.

Virginia Sickness and Disability Program

The System administers the Virginia Sickness and Disability Program (VSDP) to provide income protection in the event of a disability for eligible state employees hired on or after January 1, 1999. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program.

VSDP benefits include sick, family and personal leave and short-term and long-term disability benefits. After a seven-calendar day waiting period following the first day of disability, eligible employees receive short-term disability benefits from 60 percent to 100 percent of their compensation depending on their months of state service. After 125 work days of short-term disability, eligible employees receive long-term disability benefits equal to 60 percent of their compensation. If the employee's condition becomes catastrophic, income replacement increases to 80 percent until the condition is no longer catastrophic. Long-term disability benefits continue until employees either return to work, retire or reach age 65 (age 60 for state police officers and other state law enforcement and correctional officers) or die.

Full-time permanent salaried state employees, including state police officers and other Virginia law and correctional officers, are automatically enrolled in the VSDP. Part-time permanent salaried state employees who work at least 20 hours a week and accrue leave also are automatically enrolled. Teaching, administrative and research faculty of Virginia public colleges and universities who elect VRS as their

retirement plan must make an irrevocable election to participate in either the VSDP or the institution's disability program. If there is no institution program, the faculty member is covered under VSDP.

Eligible state employees and state police officers employed before January 1, 1999 had the option to elect to participate in the VSDP or remain under the Commonwealth's existing sick leave program and retain their eligibility for disability retirement benefits under VRS and SPORS. (Members of VaLORS have been automatically enrolled in the VSDP since October 1, 1999 when VaLORS was created.) Eligible employees enrolled in the VSDP are not eligible for disability retirement benefits under VRS, SPORS, or VaLORS. Approximately 73,569 members were covered under the program at June 30, 2010.

Volunteer Firefighters' and Rescue Squad Workers' Fund

Volunteer firefighters and rescue squad workers may participate in an optional employment benefit plan. This optional plan is authorized by the *Code of Virginia*. The Board of Trustees of the System manages the investments of the fund as custodian. Members of the plan contribute $30 per quarter. The Commonwealth will contribute an amount determined by the board and appropriated by the General Assembly, if such funds are appropriated, for a period not to exceed 20 years. For fiscal year 2010, there were no monies appropriated for administration of the program. At June 30, 2010, there were 1,530 workers participating in the fund.

16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Virginia Retirement System (The System) Administered Plans

The Government Accounting Standards Board (GASB) issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which requires additional reporting and disclosures for OPEB plans. The statement became effective for System-administered OPEB plans beginning with the fiscal year ended June 30, 2007. The assets and actuarial accrued liabilities for the following other postemployment benefits were determined through an actuarial valuation performed as of June 30, 2009, by Cavanaugh Macdonald Consulting, LLC, and are presented in the Required Supplemental Schedule of Funding Progress for Other Postemployment Benefit Plans. The significant accounting policies for all three plans are the same as those described in Note 14 for pension plans and a separately issued report is available as previously discussed.

Group Life Insurance Benefits

Employees who retire or terminate from service after age 50 with at least ten years of service credit or at age 55 with at least five years of service credit (age 50 for vested state police officers, other state law enforcement and correctional officers and hazardous duty employees of participating political subdivisions), or who retire because of disability, are entitled to postemployment group life insurance benefits. At retirement or termination, accidental death benefits cease and natural death coverage reduces at a rate equal to 25 percent on January 1 of the first full calendar year following retirement or termination and on January 1 of each year thereafter, until it reaches 25 percent of its original value. These group life insurance benefit provisions and requirements are established by Title 51.1 of the *Code of Virginia*. There were approximately 130,912 retirees in the Basic Group Life Insurance Program and 1,836 retirees were covered under the Optional Group Life Insurance Program in fiscal year 2010.

Since 1960, when the group life insurance program was established, a portion of the premium contributions collected during members' active careers has been placed in an advance premium deposit reserve. This reserve was established to pre-fund death benefits to members after retirement.

Employers providing life insurance benefits are part of a cost-sharing pool. Therefore, separate measurements of assets and actuarial accrued liabilities are not made for individual employers participating in the program.

Retiree Health Insurance Credit Program

The Retiree Health Insurance Credit Fund was established on January 1, 1990, to provide benefits for retired state employees, state police officers, other state law enforcement and correctional officers and judges who have at least 15 years of service credit under the retirement plans. The program provides a credit reimbursement of $4 per month per year of service credit against the monthly health insurance premiums of eligible retirees.

A similar program was established on July 1, 1993, to provide a health insurance credit for retired teachers and employees of participating political subdivisions with at least 15 years of service credit under the retirement plans. Retired teachers are eligible for a monthly credit of $4 per month per year of service credit. Local government retirees may receive a maximum credit of $1.50 per month per year of service with a maximum monthly credit of $45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the *Code of Virginia*. The amount required to fund all credits is financed by the employers based on contribution rates determined by the system's actuary. Approximately 92,126 retired members were covered under this program at June 30, 2010. The Retiree Health Insurance Credit Program is a cost-sharing, multiple-employer defined benefit OPEB plan.

Disability Insurance Trust Fund

The Commonwealth provides OPEB disability insurance benefits, in accordance with state statutes, to eligible retired and terminated employees. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program. There were approximately 2,592 former members receiving benefits from the program during fiscal year 2010. The Disability Insurance Trust Fund is a single-employer defined benefit OPEB plan.

The employer contributions for the Group Life Insurance Fund, Retiree Health Insurance Credit Fund, and Disability Insurance Trust Fund were suspended for April, May and the first half of June 2010.

B. Other Plans

The Commonwealth administers the following single-employer defined benefit OPEB plans.

Line of Duty Death and Disability

The Commonwealth provides death and health benefits to the beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty. A trust fund has been established to account for this activity. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the *Code of Virginia*. The significant accounting policies for this plan are the same as those described in Note 14 for pension plans. The Line of Duty Death and Disability is administered by the Department of Accounts. There were approximately 662 retirees and 612 other participants in the program in fiscal year 2010.

Pre-Medicare Retiree Healthcare

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. For a retiree to participate in the Plan, the participant must be eligible for a monthly annuity from the VRS or a periodic benefit from one of the qualified Optional Retirement Plan (ORP) vendors, and:

- be receiving (not deferring) the annuity or periodic benefit immediately upon retirement;
- have his or her last employer before retirement be the state;
- be eligible for coverage as an active employee in the State Health Benefits Program until his or her retirement date (not including Extended Coverage); and,
- have submitted within 31 days of his or her retirement date an Enrollment Form to his or her Benefits Administrator to enroll.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. The significant accounting policies for this plan are the same as those described in Note 14 for pension plans. The Pre-Medicare Retiree Healthcare is administered by Department of Human Resource Management. There were approximately 8,851 retirees in the program in fiscal year 2010.

C. Annual OPEB Cost and Net OPEB Obligation

The Government Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required additional reporting and disclosures for OPEB plans beginning with the fiscal year ending June 30, 2008. The Commonwealth calculated an OPEB liability as of June 30, 2010, for each of the five OPEB plans. The Retiree Health Insurance Credit Fund, Disability Insurance Trust Fund, Line of Duty Death and Disability, and Pre-Medicare Retiree Healthcare OPEB liabilities were $25.6 million, $75.4 million, $15.6 million, and $309.4 million, respectively. There is no liability for the Group Life Insurance Fund.

The following table (dollars in thousands) shows the Commonwealth's annual OPEB cost and net OPEB obligation (asset) for the current and prior years.

	Group Life Insurance Fund			Retiree Health Insurance Credit Fund		
	2010	2009	2008	2010	2009	2008
Annual required contribution	$ 28,887	$ 40,248	$ 48,000	$ 66,510	$ 66,979	$ 62,387
Interest on net OPEB obligation	-	-	-	165	-	-
Adjustment to annual required contribution	-	-	-	(143)	-	-
Annual OPEB cost	28,887	40,248	48,000	66,532	66,979	62,387
Contributions made	(28,887)	(40,248)	(48,000)	(43,094)	(64,783)	(62,387)
Increase in net OPEB obligation	-	-	-	23,438	2,196	-
Net OPEB obligation (asset), beginning of year	-	-	-	2,196	-	-
Net OPEB obligation (asset), end of year	$ -	$ -	$ -	$ 25,634	$ 2,196	$ -
Percentage of annual OPEB cost contributed	100.0%	100.0%	100.0%	64.8%	96.7%	100.0%

	Disability Insurance Trust Fund			Line of Duty Death and Disability		
	2010	2009	2008	2010	2009	2008
Annual required contribution	$ 78,117	$ 79,450	$ 97,689	$ 16,901	$ 16,523	$ 9,786
Interest on net OPEB obligation	2,080	1,467	-	386	(12)	-
Adjustment to annual required contribution	(1,808)	(1,552)	-	(367)	11	-
Annual OPEB cost	78,389	79,365	97,689	16,920	16,522	9,786
Contributions made	(30,771)	(71,142)	(78,151)	(9,084)	(8,511)	(10,026)
Increase in net OPEB obligation	47,618	8,223	19,538	7,836	8,011	(240)
Net OPEB obligation (asset), beginning of year	27,761	19,538	-	7,771	(240)	-
Net OPEB obligation (asset), end of year	$ 75,379	$ 27,761	$ 19,538	$ 15,607	$ 7,771	$ (240)
Percentage of annual OPEB cost contributed	39.3%	89.6%	80.0%	53.7%	51.5%	102.5%

	Pre-Medicare Retiree Healthcare		
	2010	2009	2008
Annual required contribution	$ 136,426	$ 131,654	$ 127,156
Interest on net OPEB obligation	9,751	4,733	-
Adjustment to annual required contribution	(9,265)	(4,489)	-
Annual OPEB cost	136,912	131,898	127,156
Contributions made	(23,780)	(30,722)	(32,056)
Increase in net OPEB obligation	113,132	101,176	95,100
Net OPEB obligation (asset), beginning of year	196,276	95,100	-
Net OPEB obligation (asset), end of year	$ 309,408	$ 196,276	$ 95,100
Percentage of annual OPEB cost contributed	17.4%	23.3%	25.2%

The amounts in the previous table include Governmental and Component Unit activity for which the Commonwealth is considered the employer. It does not include the OPEB liability for the Virginia Economic Development Partnership (component unit), the Virginia Tourism Authority (component unit), Fort Monroe Federal Area Development Authority (component unit), Virginia Outdoors Foundation (component unit) and the Virginia National Defense Industrial Authority (component unit) of $565,930, $287,814, $39,112, $7,242, and $21,707, respectively. The table also excludes non-Commonwealth sponsored OPEB liabilities of $14.2 million for all other component units and includes the fiduciary OPEB liability of $1.7 million.

The annual required contributions for the current year were determined during the actuarial valuations conducted as of June 30, 2007, as that is the most recent report that reflects the current funding policies. For fiscal year 2010, employer contributions by the Commonwealth for Group Life Insurance, Retiree Health Insurance Credit and Disability Insurance were 0.79 percent, 1.00 percent, and 1.00 percent, respectively, of covered payrolls. The valuations were prepared using the entry age normal cost method for all plans except for the Disability Insurance and Line of Duty Death and Disability trust funds for which the Projected Unit Credit actuarial cost method was used. The Line of Duty Death and Disability use a 4.97 percent investment rate of return while the Pre-Medicare Retiree Healthcare plan uses a 4.97 percent investment rate of return, per year compounded annually, which approximates the projected rate of return on the Treasurer's Portfolio. The Group Life Insurance, Retiree Health Insurance Credit and Disability Insurance use a 7.5 percent investment rate of return, per year compounded annually. The actuarial assumptions for all but the Pre-Medicare Retiree Healthcare plan included a projected salary increase of 3.0 percent, including a 2.5 percent inflation component. Valuation techniques were applied to smooth the effects of short-term volatility in the market value of investments over a five year period. The remaining closed amortization period at June 30, 2010, was 30 years. The actuarial assumptions for the Pre-Medicare Retiree Healthcare plan as to current claim cost, projected increases in health insurance costs, mortality, turnover, retirement, disability and discount rate include (a) projected salary increases ranging from 3.75 percent to 5.6 percent, including a 2.5 percent inflation component; and, (b) assumption that there is no liability associated with those retirees eligible for Medicare, as costs for members aged 65 and older are not subsidized by the active population (no implicit subsidy), participants pay 100 percent of the costs, and the liability associated with the health insurance credit is measured and held by the Virginia Retirement System. Initial healthcare costs trend rates used were 10.0 percent, 11.0 percent, and 6.0 percent for medical, pharmacy, and dental benefits, respectively. The ultimate trend rates used were 5.0 percent, 5.0 percent, and 4.0 percent for medical, pharmacy, and dental benefits, respectively. The remaining closed amortization period at June 30, 2010 is 30 years.

D. Funded Status and Funding Progress

The funded status of the plans as of June 30, 2010, was as follows:

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
		Group Life Insurance Fund				
2009	$ 967	$ 1,995	$ 1,028	48.5%	$ 16,728	6.1%
		Retiree Health Insurance Credit Fund				
2009	$ 294	$ 1,976	$ 1,682	14.9%	$ 13,589	12.4%
		Disability Insurance Trust Fund				
2009	$ 267	$ 268	$ 1	99.6%	$ 4,080	-
		Line of Duty Death and Disability				
2009	$ -	$ 373	$ 373	-	N/A	-
		Pre-Medicare Retiree Healthcare				
2009	$ -	$ 1,218	$ 1,218	-	$ 3,170	38.4%

Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Amounts determined regarding the funded status of the plans and the annual contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Higher Education Fund (Component Unit)

The University of Virginia (major) has a Retiree Health Plan that covers employees who retire before becoming eligible for Medicare until they reach age 65 and can then participate in the Commonwealth's Medicare Supplement Plan. Additional information on this plan can be found in the individually published financial statements of the University.

F. Other Component Units

The Virginia Housing Development Authority (major) has a Retiree Health Care Plan, a single-employer defined benefit plan which is administered through the Virginia Housing Development Authority Retiree Health Care Plan Trust, an irrevocable trust to be used solely for providing benefits to eligible participants. Effective January 1, 2006, eligible retirees must be at least 55 years of age with 15 years of service or at least 55 years of age with 10 years of service if employed by the Authority prior to such date. For the year ended June 30, 2010, the Authority's Annual OPEB cost was $962,413; the percentage of Annual OPEB Cost Contributed was 93 percent; and the ending Net OPEB asset was $39,238.

Hampton Roads Sanitation District Commission (nonmajor) provides other postemployment benefits for its employees through a single employer defined benefit plan. The plan was established and may be amended by the Commission. The plan furnishes health and dental benefits for life for all employees with at least 15 years of service and who also qualify for an unreduced retirement benefit through the VRS. The plan allows the retiree at their expense to cover their spouse and dependent under the district's health care provider. Contribution requirements are actuarially determined and funding is subject to approval by the Commission. The current rate is 7.6 percent of annual covered payroll. For 2010, the Commission's annual OPEB cost was $2.4 million; the percentage of annual OPEB cost contributed was 100 percent.

The Virginia Port Authority (nonmajor) offers post retirement medical and dental benefits to employees who retire under either VRS or the VPA pension plan. For employees and their spouses, who are participants in the VPA medical plan, not participants under the state health care plan VRS, benefit provisions and obligations are established and may be amended by the board of commissioners of the Authority. For the year ended June 30, 2010, the Authority's annual OPEB cost was $44,628; contribution towards OPEB cost was $16,361; the percentage of annual OPEB cost contributed was 36.7 percent; and the ending net OPEB obligation was $113,346.

17. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Virginia Retirement System (the System) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1, Chapter 6 et seq. of the *Code of Virginia*. The System contracts with private corporations or institutions subject to the standards set forth in the *Code* to provide investment products as well as any other goods and services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliation, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the System for investment. The plan provides a number of investment options and is designed so that each participant retains investment control of his/her individual account. The plan, available to all state employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of plan participants and their beneficiaries and is not available to employees until termination, retirement, death, unforeseeable emergency, or an in-service distribution at age 70 ½ or later. Since the System has no fiduciary relationship with plan participants, plan assets of $1,170.9 million are not included in the financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan. The match amount for an employee was established at 50 percent of the voluntary contributions to the deferred compensation plan. During the current fiscal year, the maximum match was $20 per pay period or $40 per month. The fair value of assets in the cash match savings plan at June 30, 2010, was $194.6

million, which is also excluded from the financial statements.

The Virginia Housing Development Authority (major component unit) and the Virginia Resource Authority (nonmajor component unit) have deferred compensation plans available to all employees created in accordance with Internal Revenue Section 457. The plans permit participants to defer a portion of their salary or wage until future years. The deferred compensation is not available to employees until termination, retirement, or death. The assets of the plans are in irrevocable trusts with an external trustee and, accordingly, no assets or liabilities are reflected in the financial statements.

The Virginia Port Authority (VPA) (nonmajor component unit) offers three deferred compensation plans and two matching savings plans under Internal Revenue Code Sections 457 and 401(a), respectively. Employees who maintain status under VRS are covered under the deferred compensation plan administered by the System as discussed above. The VPA deferred compensation plan covers all employees hired after July 1, 1997, and those employees electing coverage under the authority's deferred compensation plan. The VPA also offers a matching savings plan that covers substantially all employees. The matching savings plan requires the VPA to match contributions in an amount equal to 50 percent of the first six percent of the participant's base pay contributed to the plan. VPA's total contribution to the matching savings plan was $136,561 for the fiscal year ended June 30, 2010. Further, the right to modify, alter, amend, or terminate the deferred compensation plan and matching savings plan rests with the VPA Board of Commissioners.

The third deferred compensation plan and second matching savings plan covers substantially all non-union employees with 90 days or more of service. The matching savings plan requires the VPA to match employee contributions in an amount equal to 50 percent of the first three percent of the participant's base pay contributed to the deferred compensation plan. VPA's total contribution to the matching savings plan was $297,242 for the fiscal year ended June 30, 2010.

18. STATE NON-ARBITRAGE POOL

The Commonwealth sponsors the Virginia State Non-Arbitrage Program (SNAP) for use by the Commonwealth and local governments to invest bond proceeds. The Commonwealth's responsibility is limited to hiring service providers to manage SNAP. The investment manager and the custodian have the fiduciary responsibility for SNAP.

The SNAP fund is a class of the PFM Funds Prime Series, a money market mutual fund registered with the Securities and Exchange Commission. PFM Funds is a diversified, open-end management investment company organized as a Virginia business trust. Shares of the SNAP fund are solely available to investors participating in the SNAP program. The PFM Funds Board of Trustees has overall responsibility for supervising the SNAP fund's business and affairs, including the oversight of organizations providing investment advisory, administration, and distribution services to the SNAP fund. PFM Asset Management LLC serves as the investment adviser of the SNAP fund. The SNAP individual investment portfolios are the responsibility of the SNAP investment manager and the governments investing proceeds in the portfolios. These investments are held solely in the SNAP participants' names. Since the Commonwealth has no fiduciary relationship with local governmental entities participating in the plan, these assets of $2.1 billion are not included in the financial statements.

19. COMMITMENTS

A. Construction Projects

Highway Projects

At June 30, 2010, the Department of Transportation (part of primary government) had contractual commitments of approximately $1.9 billion for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) federal funds – approximately 58 percent or $1.1 billion, (2) state funds – approximately 40 percent or $791 million, and (3) Proceeds from Bonds – approximately 2 percent or $47 million.

Mass Transit Projects

At June 30, 2010, the Department of Rail and Public Transportation (part of primary government) had contractual commitments of approximately $313.5 million for various public transportation, rail preservation, and rail enhancement projects. Funding of the future expenditures is expected to be as follows: (1) state funds - approximately 85.5 percent or $267.9 million, and (2) federal funds - approximately 14.5 percent or $45.6 million.

Wastewater Treatment Projects

At June 30, 2010, the Department of Environmental Quality (part of primary government) was committed to grant contracts with localities to reimburse a portion of construction costs for nutrient reduction facilities at wastewater treatment plants totaling $260.5 million.

Port Projects

At June 30, 2010, the Virginia Port Authority (nonmajor component unit) was committed to construction contracts totaling $246.6 million.

Sanitation District Project

At June 30, 2010, the Hampton Roads Sanitation District Commission (nonmajor component unit) was committed to construction programs totaling $189.1 million.

Higher Education Institutions

Colleges and universities (component units) had contractual commitments as of June 30, 2010, of approximately $938.6 million primarily for construction contracts. Higher education foundations' commitments total approximately $59.5 million and are primarily for construction contracts.

B. Operating Leases

The Commonwealth has entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month-to-month basis. In most cases, management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense for the primary government under these operating leases for the year ended June 30, 2010, was $68.9 million for governmental activities (including internal service funds) and $20.8 million for business-type activities. Rental expense for the discrete component units (excluding foundations) for the year ended June 30, 2010, was $89.6 million. The Commonwealth has, as of June 30, 2010, the following minimum rental payments due under the above leases (dollars in thousands):

	Primary Government		
	Governmental Activities	Business-type Activities	Component Units (1)
2011	$ 61,132	$ 18,948	$ 60,225
2012	48,753	15,668	46,689
2013	37,375	11,652	35,639
2014	29,795	7,334	22,702
2015	26,399	4,239	19,296
2016-2020	57,612	2,261	46,097
2021-2025	8,850	-	14,483
2026-2030	6,696	-	823
2031-2035	551	-	823
2036-2040	462	-	823
2041-2045	-	-	823
2046-2050	-	-	659
Total	$ 277,625	$ 60,102	$ 249,082

Note (1): The above amounts exclude operating lease obligations of foundations.

	Foundations (2)
2011	$ 2,364
2012	1,976
2013	1,638
2014	1,180
2015	1,005
Thereafter	5,152
Total	$ 13,315

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Rental expense for the year ended June 30, 2010, was approximately $1.5 million.

Lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

C. Investment Commitments – Virginia Retirement System

The Virginia Retirement System extends investment commitments in the normal course of business, which, at June 30, 2010, amounted to $3.7 billion.

D. Tobacco Grants

The Tobacco Indemnification and Community Revitalization Commission (Commission) (nonmajor component unit) has $200.0 million in grant award commitments not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2010, in accordance with GASB Statement No. 33. The Commission awarded an additional $14.8 million in grants in July 2010 that are also not reflected in the accompanying financial statements.

The Virginia Foundation for Healthy Youth (nonmajor component unit) has $13.3 million in grant commitments and outstanding contracts not reflected in these statements since eligibility requirements were not met as of June 30, 2010, in accordance with GASB Statement No. 33.

E. Other Commitments

The Virginia Land Conservation Foundation (nonmajor component unit) has $1.8 million in grant award commitments, which were not dispersed since eligibility requirements were not met as of June 30, 2010, in accordance with GASB Statement No. 33.

The Virginia University Research Partnership (nonmajor component unit) has $3.0 million in grant award commitments not reflected in these statements since eligibility requirements were not met as of June 30, 2010, in accordance with GASB Statement No. 33.

The Virginia Small Business Financing Authority (nonmajor component unit) has $3.1 million in loan commitments in the Federal Economic Development Loan Fund as of June 30, 2010. In addition, the Child Care Financing Program had $787,770 in loan commitments in accordance with GASB Statement No. 33.

20. ACCRUED LIABILITY FOR COMPENSATED ABSENCES

Employees accrue annual leave at a rate of four to nine hours semimonthly, depending on their length of service. The maximum leave accumulation is dependent upon years of service, but in no case may it exceed 432 hours. The maximum compensation for annual leave balances is also dependent upon years of service, but in no case may an employee be compensated for more than 336 hours.

All employees hired after January 1, 1999, are required to enroll in the Virginia Sickness and Disability Program (VSDP) (see Note 15). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the calendar year revert. Individuals employed at January 1, 1999, had the option of converting to the VSDP or remaining in the original sick leave plan. If converting, the employee's sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the original sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave state service after a minimum of five years employment receive the lesser of 25 percent of the value of their disability credits or accumulated sick leave at their current earnings rate or $5,000. All employees leaving state service are paid for accrued annual leave up to the maximum calendar year limit at their current earnings rate.

In conformance with Section C60 of the GASB Codification, the monetary value of accumulated annual and sick leave and disability credits payable upon termination is included in the accompanying financial statements. In the government-wide statements, proprietary fund statements, and discrete component unit fund statements, amounts are segregated into two components – the amount due within one year and the amount due in more than one year. In the governmental fund statements, amounts to be paid from expendable resources are recognized as fund liabilities in the applicable governmental fund types as long-term liabilities and represent payments to employees for separations that occurred prior to June 30. Amounts not payable from expendable resources are reflected in the governmental activities column in the Government-wide Statement of Net Assets (see Note 26). All amounts related to the fiduciary funds are recognized in those funds.

The liability at June 30, 2010, was computed using salary rates effective at that date, and represents vacation, compensatory and sick leave earned or disability credits held up to the allowable ceilings.

21. POLLUTION REMEDIATION OBLIGATIONS

The Commonwealth implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* during fiscal year 2009.

The Commonwealth has pollution remediation obligations of $4.0 million of which $3.5 million is due within one year. With the exception of the Department of Environmental Quality (DEQ), agencies estimated future obligations based on professional consultant estimates and/or historical project expenses of similar projects; however, there is the potential for change in estimates due to price increase or reductions, technology, or applicable laws and regulations. Remediations for DEQ are not estimates but contractual obligations between the Commonwealth and the U.S. Environmental Protection Agency (EPA), and any change due to a reconciliation of incurred costs requires mutual consent and contract amendment.

The estimated Commonwealth pollution remediation liability relates to the anticipated cost of hazardous waste removal, cleanup relating to leakage of underground storage tanks, soil and groundwater contaminations, dump site cleanups, asbestos abatement, lead contamination and remediation relating to superfund state contracts.

Agencies involved in remediation include:

- Department of Environmental Quality (DEQ)
- Department of Transportation (VDOT)
- Department of Corrections (DOC)
- Department of Juvenile Justice (DJJ)
- Department of Behavioral Health & Developmental Services (DBHDS)

A Facility Lead Agreement was signed between the EPA and VDOT to resolve an issue concerning the storage of lab wastewater in an outdoor lined surface impoundment that operated between 1979 and 1983 for which contamination is present in soil and groundwater. VDOT is expected to recover $168,939 to offset remediation costs related to two contaminated groundwater sites. VDOT can only estimate interim remedial activities; additional estimates cannot be made beyond one year at this time. DOC is expected to recover $23,000 to offset remediation costs related to lead contamination. DOC was fined by the EPA in September/October 2003. DOC proposed to conduct a Supplemental Environmental Project (SEP) which included the formation of the Pollution Prevention Section of the Environmental Services Unit, disclosure of all environmental deficiencies to both the EPA and DEQ and corrections of those deficiencies. DJJ has a pollution remediation project to remove asbestos due to imminent endangerment.

The following pollution remediation outlays could not reasonably be estimated as of June 30, 2010:

- Department of Emergency Management (VDEM) relating to a fuel storage facility;
- Department of State Police (DSP) relating to gasoline tank leakage;
- Department of Behavioral Health and Developmental Services (DBHDS) relating to groundwater contamination;
- Department of Transportation (VDOT) relating to groundwater contamination.

22. INSURANCE

A. Self-Insurance

The Commonwealth maintains two types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Human Resource Management for Commonwealth employees. The plan is accounted for in the Health Care – internal service fund. Interfund premiums are accounted for as internal activity receipts from other funds. At June 30, 2010, $94.4 million is reported as the estimated claims payable for this fund, which is undiscounted as nearly all health care claims are current in nature. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported as described in Note 1.T. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2009-2010	$ 104,911	$ 918,686	$ (929,221)	$ 94,376
2008-2009	$ 97,631	$ 903,616	$ (896,336)	$ 104,911

(1) Of the balance shown above, $94.4 million is due within one year.

The second type of plan, Risk Management, is administered by the Department of the Treasury, Division of Risk Management and the Department of Human Resource Management, Worker's Compensation Program. These plans are accounted for in the Risk Management - internal service fund. The Department of the Treasury administers risk management programs providing property, general (tort) liability, medical malpractice, automobile and surety bond exposures for the Commonwealth of Virginia as provided in Sections 2.2-1834 through 1838 and Section 2.2-1840 of the *Code of Virginia*. Established subject to the approval of the Governor, risk management plans provide state agencies with protection through purchased insurance, self insurance or a combination thereof. Interfund premiums for the fund are accounted for as internal activity receipts from other funds. The claims payable is an estimated liability based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported. At June 30, 2010, $444.5 million is reported as the estimated claims payable for the risk management plan. This amount is discounted to present value at a rate of three percent. Undiscounted claims payable at June 30, 2010, is $520.6 million. The estimated losses are based upon actual claims that have been submitted, as well as claims incurred but not reported. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2009-2010	$ 409,056	$ 101,793	$ (66,382)	$ 444,467
2008-2009	$ 375,534	$ 99,680	$ (66,158)	$ 409,056

(1) Of the balance shown above, $65.0 million is due within one year.

For workers' compensation, the Commonwealth assumes the full risk of claims filed. For tort and automobile, liability is assumed at a maximum of $2,000,000 per occurrence. Medical malpractice liability is assumed at the maximum of $2,000,000 per occurrence recovery limit stated in Section 8.01-581.15 of the *Code of Virginia*. Risk Management purchases commercial insurance to protect state-owned property with deductibles as stated in the insurance policies.

The Commonwealth has not had any insurance settlements exceed the coverage during the past three years.

The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – major component unit) is self-insured for medical malpractice and provides for the liability on an undiscounted basis, based on the ultimate cost of known claims and claims incurred but not yet reported. The Authority is also self-insured for workers' compensation and provides for the liability on a blended discounted and undiscounted basis, based on the ultimate cost of known claims and claims incurred but not yet reported. These liabilities include assumptions and factors related to the frequency and severity of claims, claims development history, and claims settlement practices. Estimated losses on malpractice and workers' compensation claims for the current and prior fiscal years are as follows (dollars in thousands):

Estimated Malpractice Losses

	Balance July 1,	Claims Expense	Claims Settled	Balance June 30, (1)
2009-2010	$ 30,415	$ 788	$ (4,293)	$ 26,910
2008-2009	$ 31,014	$ 1,176	$ (1,775)	$ 30,415

(1) Of the balance shown above, $3.4 million is due within one year.

Estimated Workers' Compensation Losses

	Balance July 1,	Claims Expense	Claims Settled	Balance June 30, (1)
2009-2010	$ 16,334	$ 3,383	$ (2,710)	$ 17,007
2008-2009	$ 17,802	$ 699	$ (2,167)	$ 16,334

(1) Of the balance shown above, $2.2 million is due within one year.

In addition, expenses and liabilities arising from services rendered to VA Premier's and Carolina Crescent Health Plan's (component units of the Authority) HMO members are reported when it is probable that services have been provided and the amount of the claim can be reasonably estimated. The claims payable includes an estimate of claims that have been incurred but not reported. At June 30, 2010 the amount of these liabilities is $63,697,510 and is reported as Claims Payable – Due within One Year. This liability is VA Premier's and Carolina Crescent Health Plan's best estimate based on available information.

Additional information on the claims payable amounts reported by the Authority can be found in the individually published financial statements of the Authority.

Virginia International Terminals, Inc., a component unit of the Virginia Port Authority (nonmajor component unit) is partially self-insured for certain workers' compensation claims. The authority maintains insurance coverage of $5,000,000 per claim, but is obligated to pay the first $1,000,000 of any individual's claims per incident. The Authority is also partially self-insured for employee health coverage. The Authority is responsible for actual claim costs up to $125,000 per individual per calendar year. Insurance coverage is maintained for claims in excess of the individual employee limit and for aggregate claims in excess of $6,659,696.

B. Public Entity Risk Pools

The Commonwealth administers two types of public entity risk pools for the benefit of local governmental units: health care and risk management insurance. The Local Choice Health Care plan was established to make comprehensive health care insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 262 local government units participating in the pool. This includes 28 school districts, 34 counties, 97 cities/towns, and 103 other subdivisions. This program is accounted for in the Local Choice Health Care Enterprise Fund (nonmajor).

The Department of Human Resource Management, under Section 2.2-1204 of the *Code of Virginia*, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. At June 30, 2010, $22.9 million is reported as the actuarially determined estimated claims payable for this fund based on claims incurred but not reported.

The actuarial liability is determined for the membership pool in total and then adjusted for each locality based on individual historic and demographic data. If the pool's assets were to be exhausted, the program participants would share the responsibility for any liabilities or deficits.

The Department of the Treasury, Division of Risk Management administers risk management programs for political subdivisions, constitutional officers and others in accordance with Section 2.2-1839 of the *Code of Virginia*. These pools were established to provide an economical, low-cost alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management Enterprise Fund (nonmajor). The pool is established subject to approval by the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Local participation is voluntary and open to any political subdivision. As of June 30, 2010, there were 542 units of local government in the pool, including 4 cities, 36 towns, and 32 counties. The remaining 470 units include a large variety of boards, commissions, authorities, and special districts.

The pool has a minimum membership period of one year. However, a member group can cancel their membership and withdraw from the plan on their coverage anniversary date or at the end of the fiscal year with 30 days notice.

The pool is actuarially valued annually and is considered sound. Investment income is considered in the anticipation of premium deficiencies. No excess insurance or reinsurance is provided, but a "stability fund" is incorporated into the actuarially determined required reserves. If, however, the plan assets and reserves were to be exhausted, the members would be responsible for any deficits or liabilities. For the liability insurance pool, participation is voluntary and open to those identified in Section 2.2-1839 of the *Code of Virginia*. The risk assumed by the local public entity pool for member liability is $1,000,000 per occurrence.

At June 30, 2010, $15.3 million is reported as estimated claims payable for these programs. This figure is actuarially determined for the fund in total and is reported at gross and does not reflect possible reimbursements for insurance recoveries.

The following schedule (dollars in thousands) shows the changes in claims liabilities for the past two fiscal years.

	Local Choice Health Care		Risk Management	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Unpaid Claims and Claim Adjustment Expenses at Beginning of Fiscal Year	$ 23,607	$ 19,211	$ 14,550	$ 14,072
Incurred Claims and Claim Adjustment Expenses:				
Provision for Insured Events of the Current Fiscal Year	221,273	211,904	(498)	448
Changes in Provision for Insured Events of Prior Fiscal Years	-	-	1,274	(881)
Total Incurred Claims and Adjustment Expenses	221,273	211,904	776	(433)
Payments:				
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	222,006	207,508	412	300
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	-	-	-	-
Total Payments	222,006	207,508	412	300
Change in Provision for Discounts	-	-	375	321
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted) (1) (2) (3)	$ 22,874	$ 23,607	$ 15,289	$ 13,660
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	$ 22,874	$ 23,607	$ 16,309	$ 14,550

Note (1): The entire balance for Local Choice Health Care, $22,874 (dollars in thousands) is due within one year.

Note (2): Of the balance shown above for Risk Management, $4,939 (dollars in thousands) is due within one year.

Note (3): The interest rate used for discounting is 3.0 percent.

23. ACCOUNTS PAYABLE

The following table (dollars in thousands) summarizes Accounts Payable as of June 30, 2010.

	Vendor	Salary/ Wage	Retainage	Other	Foundations (1)	Total
Primary Government:						
General	$ 135,282	$ 85,744	$ -	$ -	$ -	$ 221,026
Major Special Revenue Funds:						
Commonwealth Transportation	202,214	26,063	4,948	-	-	233,225
Federal Trust	102,561	16,008	140	-	-	118,709
Literary	197	-	-	-	-	197
Nonmajor Governmental Funds	31,714	24,454	8,415	36	-	64,619
Major Enterprise Funds:						
State Lottery (2)	3,348	816	-	4,315	-	8,479
Virginia College Savings Plan (2)	58	282	-	1,089	-	1,429
Unemployment Compensation	191	-	-	-	-	191
Nonmajor Enterprise Funds	23,178	4,539	-	-	-	27,717
Internal Service Funds	57,516	2,688	-	-	-	60,204
Private Purpose	1,763	168	-	-	-	1,931
Pension and Other Employee Benefit Trust (3)	695	1,621	-	36,975	-	39,291
Agency Funds	1,899	-	-	2,016	-	3,915
Total Primary Government (4)	$ 560,616	$ 162,383	$ 13,503	$ 44,431	$ -	$ 780,933
Discrete Component Units:						
Virginia Housing Development Authority	$ 1,473	$ 1,176	$ -	$ -	$ -	$ 2,649
Virginia Public School Authority	206	-	-	-	-	206
University of Virginia	94,914	52,277	898	14,840	40,273	203,202
Virginia Polytechnic Institute and State University	49,204	47,703	6,617	-	14,491	118,015
Virginia Commonwealth University	60,021	75,050	540	-	976	136,587
Nonmajor Component Units	177,048	143,628	29,870	9,318	30,672	390,536
Total Component Units	$ 382,866	$ 319,834	$ 37,925	$ 24,158	$ 86,412	$ 851,195

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): Other Accounts Payable for the State Lottery represents administrative costs payable. Other Accounts Payable for the Virginia College Savings Plan represents investment fees payable.

Note (3): Other Accounts Payable for the Pension and Other Employee Benefit Trust Fund consists of $23,398 (dollars in thousands) in investment management expense, $12,636 (dollars in thousands) in program benefit liabilities, $822 (dollars in thousands) of investment interest payable, and $119 (dollars in thousands) of other investment payables generally related to Futures and month-end rebalancing items.

Note (4): Fiduciary liabilities of $45,137 (dollars in thousands) are not included in the Government-wide Statement of Net Assets. In addition, governmental fund liabilities of $76,994 (dollars in thousands) are included in the Government-wide Statement of Net Assets, but excluded from the above amounts.

24. OTHER LIABILITIES

The following table (dollars in thousands) summarizes Other Liabilities as of June 30, 2010.

	Primary Government				
	General	Commonwealth Transportation	Federal Trust	Nonmajor Governmental Funds	State Lottery
Lottery Prizes Payable	$ -	$ -	$ -	$ -	$ 43,995
Due to Program Participants, Escrows, and Providers	-	-	-	-	-
Medicaid Payable	237,785	-	379,623	-	-
Family Access to Medical Insurance Security Payable	4,120	-	7,651	-	-
Tax Refunds Payable	417,304	-	-	-	-
Insurance Carrier Surety Deposit	-	-	-	-	-
Deposits Pending Distribution	1,918	5,628	-	2,334	-
Car Tax Payable	263,025	-	-	-	-
Title XII Federal Advances	-	-	-	-	-
Other Liabilities	-	-	-	2,541	-
Total Other Liabilities	$ 924,152	$ 5,628	$ 387,274	$ 4,875	$ 43,995

	Primary Government				
	Virginia College Savings Plan	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds	Private Purpose Funds
Lottery Prizes Payable	$ -	$ -	$ -	$ -	$ -
Due to Program Participants, Escrows, and Providers	58	28,590	-	-	271
Medicaid Payable	-	-	-	-	-
Family Access to Medical Insurance Security Payable	-	-	-	-	-
Tax Refunds Payable	-	-	-	-	-
Insurance Carrier Surety Deposit	-	-	-	-	-
Deposits Pending Distribution	-	-	179	351	-
Car Tax Refund Payable	-	-	-	-	-
Title XII Federal Advances	-	346,876	-	-	-
Other Liabilities	-	-	149	757	-
Total Other Liabilities	$ 58	$ 375,466	$ 328	$ 1,108	$ 271

	Primary Government		
	Pension and Other Employee Benefit Trust Funds (1)	Agency Funds	Total Primary Government (2)
Lottery Prizes Payable	$ -	$ -	$ 43,995
Due to Program Participants, Escrows, and Providers	-	35,037	63,956
Medicaid Payable	-	-	617,408
Family Access to Medical Insurance Security Payable	-	-	11,771
Tax Refunds Payable	-	-	417,304
Insurance Carrier Surety Deposit	-	434,434	434,434
Deposits Pending Distribution	-	34,495	44,905
Car Tax Refund Payable	-	-	263,025
Title XII Federal Advances	-	-	346,876
Other Liabilities	749,188	2,082	754,717
Total Other Liabilities	$ 749,188	$ 506,048	$ 2,998,391

Note (1): Other Liabilities of $749,188 (dollars in thousands) reported in pension and other employee benefit trust funds are made up of $25,762 (dollars in thousands) in funds held for the Commonwealth Health Research Fund; $9,710 (dollars in thousands) in other funds managed by the System; $712,716 (dollars in thousands) in pending investment transactions, including $653,073 (dollars in thousands) for investment overlay and swaps, $30,000 (dollars in thousands) for securities lending, $27,727 (dollars in thousands) for net foreign exchange contracts, $1,916 (dollars in thousands) in other investment payables; and $1,000 (dollars in thousands) in other payable related to the System benefit plans.

Note (2): Fiduciary liabilities of $1,255,507 (dollars in thousands) are not included in the Government-wide Statement of Net Assets. Governmental fund liabilities of $650,370 (dollars in thousands) are included in the Government-wide Statement of Net Assets, but excluded from the above amounts.

	Component Units				
	Virginia Housing Development Authority	Virginia Public School Authority	University of Virginia (3)	Virginia Polytechnic Institute & State University	Virginia Commonwealth University (3)
Accrued Interest Payable	$ 105,980	$ 61,889	$ 2,362	$ 3,634	$ 4,933
Other Liabilities	10,002	2	85,579	28,747	77,494
Deposits Pending Distribution	6,180	-	367,544	13,643	29,241
Short-term Debt	-	-	130,041	2,975	15,000
Grants Payable	-	-	-	-	-
Total Other Liabilities	$ 122,162	$ 61,891	$ 585,526	$ 48,999	$ 126,668

	Component Units	
	Nonmajor Component Units	Total Component Units
Accrued Interest Payable	$ 116,648	$ 295,446
Other Liabilities	40,934	242,758
Deposits Pending Distribution	28,279	444,887
Short-term Debt	10,010	158,026
Grants Payable	10,541	10,541
Total Other Liabilities	$ 206,412	$ 1,151,658

Note (3): Other Liabilities of $13,776 (dollars in thousands) for the University of Virginia and $48,815 (dollars in thousands) for the Virginia Commonwealth University represent hedging derivative instruments reported in accordance with GASBS No. 53 (see Note 13 for additional information).

Medicaid Payable

Medicaid Payable represents services rendered but not billed by providers and potential liability resulting from cost reports not settled as of year-end. Providers subject to cost settlement are paid in the interim based on established per diem or diagnosis related group rates for services.

The Department of Medical Assistance Services (DMAS) estimates, based on past experience, the total amount of Medicaid claims that will be paid from the Medicaid program in the future which relate to services provided before year-end. At June 30, 2010, the estimated liability related to Medicaid claims totaled $617.4 million. Of this amount, $237.8 million is reflected in the General Fund (major) and $379.6 million in the Federal Trust Special Revenue Fund (major).

Family Access to Medical Insurance Security Payable

DMAS estimates the total amount of claims that will be paid from the Family Access to Medical Insurance Security program in the future which relate to services provided before year-end. At June 30, 2010, the estimated liability related to claims totaled $11.8 million. Of this amount, $4.1 million is reflected in the General Fund (major) and $7.7 million in the Federal Trust Special Revenue Fund (major).

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended on or before December 31, 2009, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2010. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year.

Car Tax Refund Payable

During the year ended June 30, 1998, the General Assembly passed the Personal Property Tax Relief Act. Under the terms of this legislation, the Commonwealth assumed financial responsibility for a portion, ranging from 12.5 percent to 70.0 percent, of the personal property taxes assessed by localities.

During 2004, the General Assembly modified this legislation. Chapter 1 of Special Session 1 (2004) established a $950.0 million limit on the amount the Commonwealth would appropriate for personal property tax relief, beginning in tax year 2006. It further established that each county, city, and town would receive a fixed percentage of the $950.0 million, with payments to begin on or after July 1, 2006 (fiscal year 2007). The accrued liability amount of $263.0 million reflects payments owed to localities as of June 30 and paid in July.

Short-term Debt

Short-term debt results from borrowings from anticipation notes, lines of credit, and similar loans with parties external to the primary government. The primary government's policy is to disclose activity related to short-term borrowings occurring during the fiscal year. For fiscal year 2010, the primary government's agencies did not participate in short-term borrowings with external parties.

Various higher education institutions' foundations (component units) have short-term debt. University of Virginia Foundations (major component unit) report approximately $59.3 million and nonmajor component unit foundations report approximately $9.9 million. This short-term debt is for working capital, property acquisition, construction costs, and operating costs. The University of Virginia (major component unit) has commercial paper of $70.7 million and the Virginia Polytechnic Institute and State University (major component unit) reports approximately $3.0 million of commercial paper that provides bridge financing for capital projects. The Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University) reports short-term debt of $15.0 million to meet certain cash reserve requirements. The Virginia Horse Center Foundation (nonmajor component unit) has a $44,000 note with a related party. The Library of Virginia Foundation (nonmajor component unit) has a $60,000 note with a related party.

The balance of Other Liabilities is spread among various other funds.

25. TERMINATION BENEFITS

During fiscal year 2010, all Commonwealth employees were aware that required budgetary reductions could result in involuntary employment separations. As of June 30, 2010, the Commonwealth had laid off 820 employees. The affected employees had the option of volunteering for enhanced retirement benefits or severance benefits. The enhanced retirement option was elected by 341 employees, and the remaining 479 employees elected severance benefits. The severance benefits include salary payments based on years of service and insurance premium payments for health and life insurance payments. All severance benefits were initiated during fiscal year 2010 and will end no later than June 30, 2011. The benefit cost expended and the outstanding liability as of June 30, 2010, is $7.2 million and $4.3 million, respectively. Since the severance benefits last for a maximum of 12 months, discounting of future cash flows is unnecessary. Additionally, the estimated payments are calculated using the Department of Human Resources' Termination Benefits Calculator.

26. LONG–TERM LIABILITIES

Commonwealth bonds are issued pursuant to Section 9 of Article X of the *Constitution of Virginia*. Section 9(a) bonds have been issued to redeem previous debt obligations. Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations. Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Section 9(a), 9(b), and 9(c) bonds are tax-supported general obligation bonds and are backed by the full faith, credit, and taxing power of the Commonwealth. No other long-term debt or obligations are backed by the full faith, credit, and taxing power of the Commonwealth.

Section 9(d) bonds are revenue bonds and are not backed by the full faith, credit and taxing power of the Commonwealth. These bonds are not general obligation bonds and are not deemed to constitute a legal liability of the Commonwealth. This debt may be supported by state appropriations in whole or in part, as in the case of certain debt of the VPA (nonmajor component unit). Other 9(d) revenue bonds are payable from general revenues of the component units, or from revenues of specific revenue-producing capital projects such as the teaching hospitals, dormitories, student centers, and dining halls at the various colleges and universities (component units). Additionally, the 9(d) Transportation Bonds (primary government) are payable solely from revenues or earnings, and other available sources of funds appropriated by the General Assembly.

Certain 9(d) bonds are considered, with 9(a), 9(b), and 9(c) bonds, to be tax-supported debt of the Commonwealth. Tax-supported debt includes all bond issues and short-term debt supported by tax revenues (net of sinking fund requirements), for which debt service payments are made or are ultimately pledged to be made from general governmental funds.

Other 9(d) revenue bonds are considered debt not supported by taxes. For this debt, the Commonwealth has no direct or indirect pledge of tax revenues. However, in some cases, the Commonwealth has made a moral obligation pledge. A government's moral obligation pledge provides a deficiency make-up for bondholders should underlying project revenues prove insufficient. The mechanics involve funding a debt service reserve fund when the bonds are issued. If a revenue deficiency exists, reserve fund monies are used to pay bondholders. The issuer then informs the legislative body requesting that it replenish the reserve fund before subsequent debt service is due. The legislative body may, but is not legally required to, replenish the reserve fund. These bonds are considered to be moral obligation debt.

The following schedule presents the total long-term liabilities of the Commonwealth, and the portion of these amounts which are due within one year, as reported on the Government-wide Statement of Net Assets.

Total Long-term Liabilities

June 30, 2010

(Dollars in Thousands)	Balance At June 30	Amount Due Within One Year
Primary Government:		
Governmental Activities:(1)		
General Obligation Bonds: (2)		
9(b) Transportation Facilities (3)	$ 6,469	$ 6,469
9(b) Public Facilities (3)	993,372	75,575
9(c) Parking Facilities (3)	21,151	1,533
9(c) Transportation Facilities (3)	28,394	1,975
Total General Obligation Bonds	1,049,386	85,552
Nongeneral Obligation Bonds - 9(d):		
Transportation Debt (3) (4)	1,843,237	200,810
Virginia Public Building Authority (3)	2,276,819	151,085
Total Nongeneral Obligation Bonds	4,120,056	351,895
Other Long-term Obligations:		
Pension Liability	1,147,163	-
OPEB Liability	214,943	-
Compensated Absences	320,912	164,709
Capital Lease Obligations	97,012	10,985
Pollution Remediation Obligations	4,019	3,451
Regional Jail Financing Payable	6,445	1,828
Notes Payable	93,891	23,276
Installment Purchase Obligations	73,950	6,376
Industrial Development Authority Obligations	5,150	5,150
Economic Development Authority Obligations (3)	89,722	3,690
Other Liabilities	26,041	4,367
Total Other Long-term Obligations	2,079,248	223,832
Total Governmental Activities (3)	7,248,690	661,279
Business-type Activities: (1) (5)		
Other Long-term Obligations:		
Pension Liability	26,379	-
OPEB Liability	5,779	-
Compensated Absences	9,130	4,830
Capital Lease Obligations	1,407	560
Installment Purchase Obligations	187	187
Tuition Benefits Payable	2,095,958	155,582
Lottery Prizes Payable	250,754	51,372
Total Other Long-term Obligations	2,389,594	212,531
Total Business-type Activities	2,389,594	212,531
Total Primary Government	9,638,284	873,810

Continued on next page

Total Long-term Liabilities
June 30, 2010
(continued from previous page)

(Dollars in Thousands)	Balance At June 30	Amount Due Within One Year
Component Units:		
General Obligation Bonds: (2)		
Higher Education Fund - 9(c) Bonds (3)	631,275	39,820
Nongeneral Obligation Bonds:		
Higher Education Institutions - 9(d) (3) (5)	1,333,083	24,045
Virginia College Building Authority (3)	1,677,617	119,604
Innovation and Entrepreneurship Investment Authority	4,480	1,015
Virginia Port Authority (3) (6)	483,051	12,493
Virginia Housing Development Authority (3) (5)	6,739,603	256,051
Virginia Resources Authority (3) (7)	2,585,556	102,469
Virginia Public School Authority (3) (5)	3,235,947	196,864
Hampton Roads Sanitation District Commission (5)	547,318	16,699
Virginia Biotechnology Research Park Authority (3) (8)	44,005	2,826
Foundations (5) (9)	851,731	15,885
Total Nongeneral Obligation Bonds	17,502,391	747,951
Other Long-term Obligations:		
Pension Liability (10)	506,555	-
OPEB Liability (11)	218,745	-
Compensated Absences	238,916	158,700
Capital Lease Obligations	104,489	6,088
Notes Payable (5)	2,034,214	450,114
Installment Purchase Obligations	141,026	26,581
Trust and Annuity Obligations (5) (12)	1,535	-
Other Liabilities (5)	338,411	82,139
Total Other Long-term Obligations (Excluding Foundations)	3,583,891	723,622
Other Long-term Obligations (Foundations): (5) (9)		
Pension Liability	79,958	-
OPEB Liability	16	-
Compensated Absences	10,044	5,050
Capital Lease Obligations	5,196	509
Notes Payable	194,354	56,790
Installment Purchase Obligations	8	3
Trust and Annuity Obligations (12)	73,286	2,712
Other Liabilities	102,529	1,344
Total Other Long-term Obligations - Foundations	465,391	66,408
Total Other Long-term Obligations	4,049,282	790,030
Total Component Units	22,182,948	1,577,801
Total Long-term Liabilities	$ 31,821,232	$ 2,451,611

1. Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.
2. Total general obligation debt of the Commonwealth is $1.68 billion.
3. Amounts are net of any unamortized discounts, premiums, and deferrals.
4. This debt includes $414.3 million that is not supported by taxes.
5. This debt is not supported by taxes.
6. This debt includes $288.8 million that is not supported by taxes.
7. This debt is not supported by taxes; however, $669.8 million from VRA is considered moral obligation debt.
8. This debt includes $1.3 million that is not supported by taxes.
9. Foundations represent FASB reporting entities defined in Note 1.B.
10. This includes pension obligations that do not relate to the Virginia Retirement System from Virginia Commonwealth University of $5.2 million and Virginia Port Authority of $6.3 million. It does not include pension obligations from fiduciary funds of $6.7 million.
11. This includes OPEB obligations that do not relate to the Virginia Retirement System from University of Virginia of $14.1 million, and Virginia Port Authority of $113,346. It does not include OPEB obligations from fiduciary funds of $1.7 million.
12. These generally represent split-interest agreements that represent donor contributed assets with the requirement that an annual distribution be made to the donor or specified beneficiary. The annual distributions are usually for a fixed dollar amount or a fixed percentage of the trust's fair market value. The present value of these commitments is reported as Trust and Annuity Obligations.

Primary Government

Transportation Facilities Debt

Transportation Facilities Bonds include $6,469,056 of Section 9(b) general obligation bonds, $28,393,839 of Section 9(c) general obligation bonds and $1,428,918,395 of Section 9(d) revenue bonds. The Transportation Facilities Section 9(d) debt of $1,843,237,254 includes $414,318,859 of outstanding Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes in addition to the outstanding Section 9(d) revenue bonds. 9(b) Principal and interest requirements for the current year totaled $6,301,250. 9(c) Principal and interest requirements for the current year totaled $3,188,600. 9(d) Principal and interest requirements for the current year totaled $244,256,965. The Section 9(b) Transportation Facilities bonds represent Powhite Refunding Bonds. The Section 9(c) Transportation Facilities Bonds were issued to fund the construction and improvement of the George P. Coleman Bridge. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, and the Oak Grove Connector (Chesapeake). The Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes were issued to finance various capital transportation projects throughout the Commonwealth. The interest rates for these bonds range from 2.00 percent to 5.95 percent and the issuance dates range from November 1, 2000, to May 15, 2010.

The following schedules detail the annual funding requirements necessary to amortize Transportation Facilities 9(b) and 9(c) bonds and 9(d) debt. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth will receive a 35 percent interest subsidy to reimburse interest payments of $143,108,333 for Build America Bonds (BABs) issued. The BABs are applicable to Commonwealth of Virginia Transportation Series 2010A Capital Project Revenue Bonds and Series 2009A Northern Virginia Transportation District Revenue Bonds.

9(b) TRANSPORTATION FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 6,010,000	$ 300,500	$ 6,310,500
Less: Deferral on Debt Defeasance	(118,300)	-	(118,300)
Add: Unamortized Premium	577,356	-	577,356
Total	$ 6,469,056	$ 300,500	$ 6,769,556

9(c) TRANSPORTATION FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 1,975,000	$ 1,212,600	$ 3,187,600
2012	2,080,000	1,113,850	3,193,850
2013	2,185,000	1,009,850	3,194,850
2014	2,290,000	900,600	3,190,600
2015	2,405,000	786,100	3,191,100
2016-2020	13,660,000	2,292,250	15,952,250
2021-2025	3,065,000	122,600	3,187,600
Less: Deferral on Debt Defeasance	(58,400)	-	(58,400)
Add: Unamortized Premium	792,239	-	792,239
Total	$ 28,393,839	$ 7,437,850	$ 35,831,689

9(d) TRANSPORTATION FACILITIES DEBT
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 200,810,000	$ 80,725,676	$ 281,535,676
2012	156,340,000	73,089,669	229,429,669
2013	161,590,000	65,319,035	226,909,035
2014	105,650,000	58,958,673	164,608,673
2015	110,780,000	53,710,241	164,490,241
2016-2020	452,443,820	195,259,671	647,703,491
2021-2025	260,870,875	113,572,715	374,443,590
2026-2030	156,377,169	62,974,540	219,351,709
2031-2035	153,511,804	24,450,450	177,962,254
Less: Unamortized Discount	(119,655)	-	(119,655)
Deferral on Debt Defeasance	(3,162,300)	-	(3,162,300)
Add: Accretion on Capital Appreciation Bonds	17,129,174	-	17,129,174
Unamortized Premium	71,016,367	-	71,016,367
Total	$ 1,843,237,254	$ 728,060,670	$ 2,571,297,924

Fairfax Economic Development Authority Obligations

In fiscal year 2006, the Fairfax County Economic Development Authority (EDA) issued Section 9(d) revenue bonds to pay for the Commonwealth's (VDOT) costs of the planning, design and construction of a transportation infrastructure and related public safety operations complex to be developed on the contiguous sites in the county commonly referred to as "Camp 30" for the joint use of VDOT and the county. The Commonwealth's obligation is set out in a payment agreement between Fairfax County EDA and the Commonwealth of Virginia, Department of Transportation, in which the Commonwealth agrees to make payments equal to the debt service from amounts appropriated by the General Assembly. The interest rates for these bonds range from 4.25 percent to 5.00 percent and the issue date was April 12, 2006. The principal and interest requirements for current year totaled $7,828,438. The following schedule details the annual funding requirements necessary to repay these bonds:

FAIRFAX COUNTY ECONOMIC DEVELOPMENT AUTHORITY
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 3,690,000	$ 4,137,688	$ 7,827,688
2012	3,875,000	3,953,188	7,828,188
2013	4,070,000	3,759,438	7,829,438
2014	4,270,000	3,555,938	7,825,938
2015	4,485,000	3,342,438	7,827,438
2016-2020	25,975,000	13,169,488	39,144,488
2021-2025	32,610,000	6,532,888	39,142,888
2026-2030	7,490,000	337,050	7,827,050
Add:			
Unamortized Premium	3,256,636	-	3,256,636
Total	$ 89,721,636	$ 38,788,116	$ 128,509,752

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 2002 Refunding, Series 2003A Refunding, Series 2004A, Series 2004B Refunding, Series 2005A, Series 2006A Refunding, Series 2006B, Series 2007A, Series 2007B, Series 2008A, Series 2008B, Series 2008B Refunding, Series 2009A, Series 2009D Refunding, and Series 2009E. Bonds were issued to fund construction projects for higher educational institutions, mental health, and/or park facilities. The Series 2003A bonds were issued to advance refund outstanding Series 1993A and B, Series 1994, and Series 1996 bonds. The Series 2004B bonds were issued to advance refund outstanding Series 1997, Series 1998, and Series 1999A bonds. The Series 2006A bonds were issued to advance refund outstanding Series 1996 bonds. The Series 2008B bonds were issued to advance refund outstanding Series 1998 refunding bonds. The Series 2009D Bonds were issued to advance refund outstanding Series 2004A, Series 2005A, and Series 2006B bonds. Principal and interest requirements for the current year totaled $121,215,753. The interest rates for all bonds range from 1.2 percent to 5.5 percent and the issuance dates range from October 23, 2002, to October 21, 2009. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth will receive a 35 percent interest subsidy to reimburse interest payments of $6,746,565 for Build America Bonds (BABs) issued. The BABs are applicable to Series 2009E Public Facilities Revenue Bonds.

9(b) PUBLIC FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 75,575,309	$ 44,006,692	$ 119,582,001
2012	78,721,071	40,597,234	119,318,305
2013	78,507,179	36,888,838	115,396,017
2014	73,465,000	33,226,925	106,691,925
2015	68,410,000	29,756,935	98,166,935
2016-2020	261,810,000	106,457,363	368,267,363
2021-2025	230,945,000	49,201,949	280,146,949
2026-2030	81,630,000	7,325,446	88,955,446
Less:			
Deferral on			
Debt Defeasance	(18,475,100)	-	(18,475,100)
Add:			
Unamortized Premium	62,783,691	-	62,783,691
Total	$ 993,372,150	$ 347,461,382	$ 1,340,833,532

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bonds, 2002 Refunding, 2003A, 2004A, 2009B, and 2009D Refunding. The Series 2002 Refunding bonds were issued to advance refund outstanding Series 1996 and Series 1993 Refunding bonds. The Series 2004A bonds were issued to fund the renovation of the 9th and Franklin Street parking deck. The Series 2009B bonds were issued to fund the construction of a new 1,000 vehicle parking structure at 7th and Franklin Streets. The Series 2009D Refunding bonds were issued to advance refund outstanding Series 2004A and 2006B Refunding bonds. The interest rates for these bonds range from 2.5 percent to 5.5 percent and the issuance dates range from October 23, 2002, to October 21, 2009. Current year principal and interest requirements totaled $1,714,797.

The following schedule details the annual funding requirements necessary to repay these bonds:

9(c) PARKING FACILITIES BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 1,533,102	$ 916,660	$ 2,449,762
2012	740,000	852,055	1,592,055
2013	770,000	819,855	1,589,855
2014	805,000	781,355	1,586,355
2015	845,000	746,355	1,591,355
2016-2020	4,572,093	3,099,355	7,671,448
2021-2025	5,565,000	1,813,200	7,378,200
2026-2030	4,025,000	515,250	4,540,250
Less:			
Deferral on			
Debt Defeasance	(278,200)	-	(278,200)
Add:			
Unamortized Premium	2,573,613	-	2,573,613
Total	$ 21,150,608	$ 9,544,085	$ 30,694,693

Virginia Public Building Authority

Virginia Public Building Authority (VPBA) Section 9(d) bonds consist of Series 1992B, 2000A, 2001A, 2002A, 2003A Refunding, 2004A Refunding, 2004B, 2004C Refunding, 2004D Refunding, 2005A Refunding, 2005B Refunding, 2005C, 2005D, 2006A, 2006B, 2007A, 2008A Refunding, 2008B, 2009A, 2009B, 2009C, 2009D Refunding and 2010A. All bonds were issued for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combination of localities under the Regional Jail Financing Program. The Series 2004C and 2005A bonds were issued to refinance certain capital lease obligations of the Commonwealth. The Series 2004D bonds were issued to advance refund outstanding Series 1997A, Series 1999B, and Series 2000A bonds. The Series 2005B bonds were issued to advance refund outstanding Series 1996A, Series 1998B, and Series 1999A bonds. The Series 2008A bonds were issued to advance refund outstanding series 1998A Refunding bonds. The Series 2009D bonds were issued to advance refund outstanding series 2001A and 2002A Revenue bonds. The interest rates for all fixed rate bonds range from 2.0 percent to 5.75 percent and the issuance dates range from August 1, 1992, to February 24, 2010. The Series 2005D bonds are variable rate bonds and the rates are reset weekly by the remarketing agent. Current year principal and interest requirements totaled $222,383,880. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth will receive a 35 percent interest subsidy to reimburse interest payments of $65,649,540 for Build America Bonds (BABs) issued. The BABs are applicable to Series 2010 Revenue Bonds.

9(d) VIRGINIA PUBLIC BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 151,085,000	$ 99,384,333	$ 250,469,333
2012	161,775,000	93,187,193	254,962,193
2013	163,425,000	85,332,997	248,757,997
2014	153,810,000	77,569,643	231,379,643
2015	157,100,000	69,914,888	227,014,888
2016-2020	610,000,000	252,339,784	862,339,784
2021-2025	458,750,000	131,978,008	590,728,008
2026-2030	308,745,000	39,072,658	347,817,658
2031-2035	21,675,000	623,156	22,298,156
Less:			
Deferral on Debt Defeasance	(21,628,979)	-	(21,628,979)
Unaccreted Capital Appreciation Bonds	(40,768)	-	(40,768)
Add:			
Unamortized Premium	112,124,142	-	112,124,142
Total	$ 2,276,819,395	$ 849,402,660	$ 3,126,222,055

Regional Jail Financing Program

The Regional Jail Financing Program of the Commonwealth of Virginia Treasury Board was created during the 1993 Session of the General Assembly to establish a method of reimbursing localities, regional jail authorities or other combination of localities for a portion of the capital and financing costs of a jail project, made pursuant to Sections 53.1-80, 53.1-81, or 53.1-82 of the *Code of Virginia*. The General Assembly, upon recommendation from the Department of Planning and Budget, may determine to reimburse localities for approved capital costs over time through a contractual reimbursement agreement between the localities or authority and the Treasury Board. The Board of Corrections determines the amount of reimbursable capital costs. If approved for reimbursement over time, the Treasury Board determines the amount of reimbursable financing costs and calculates the periodic reimbursement payments.

In 1996, the General Assembly adopted legislation that authorized funding of jail project reimbursements through bonds issued by the Virginia Public Building Authority (VPBA). As of June 30, 1998, all future jail reimbursements were approved for funding through the VPBA as opposed to the Treasury Board. All reimbursements whether up front or over time, are subject to appropriation by the General Assembly. Current year principal and interest requirements totaled $2,633,289.

The following schedule details the annual funding requirements necessary to repay these obligations:

REGIONAL JAILS FINANCING
Financial Obligations to Maturity

Calendar Year Obligations	*Capital Costs*	*Financing Costs*	*Total*
2011	$ 1,827,477	$ 808,212	$ 2,635,689
2012	1,869,189	766,526	2,635,715
2013	1,911,009	725,511	2,636,520
2014	837,165	(646,926)	190,239
Total	$ 6,444,840	$ 1,653,323	$ 8,098,163

Industrial Development Authority Obligations

In fiscal year 2002, the Newport News Industrial Development Authority (IDA) issued Section 9(d) revenue bonds to pay a portion of the cost of construction and equipping of the Virginia Advanced Shipbuilding and Carrier Integration Center for use by the Newport News Shipbuilding and Dry Dock Company. The Commonwealth's obligation is set out in a payment agreement between Newport News IDA and the Treasury Board, in which the Treasury Board agrees to make payments equal to the debt service from amounts appropriated by the General Assembly. The interest rates for these bonds range from 2.75 percent to 5.03 percent and the issue date was July 27, 2000. Current year principal and interest requirements totaled $5,292,183. The following schedule details the annual funding requirements necessary to repay these bonds:

NEWPORT NEWS INDUSTRIAL DEVELOPMENT AUTHORITY
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 5,150,000	$ 141,625	$ 5,291,625
Total	$ 5,150,000	$ 141,625	$ 5,291,625

Component Units

Higher Education Institution Bonds

Higher Education Institution Bonds are comprised of both 9(c) general obligation bonds and 9(d) revenue bonds. Section 9(d) bonds are from several sources as shown on the following schedule (dollars in thousands):

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	$ 1,059,008
College and university debt backed exclusively by pledged revenues of an institution	274,075
Total Higher Education Institution 9(d) debt	$ 1,333,083

The interest rates for these bonds range from 0.14 percent to 6.2 percent and the issuance dates range from November 17, 1981, to October 21, 2009. The VCBA Series 2006B and 2006C bonds, the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University) Series 2005 and 2008 bonds, and the UVA Series 2003A bonds are variable rate bonds and the rates are reset weekly by the remarketing agent.

The following schedules detail the annual funding requirements necessary to amortize Higher Education Institution 9(c) and 9(d) bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth will receive a 35 percent interest subsidy to reimburse interest payments of $93,430,599 for Build America Bonds (BABs) issued. The BABs are applicable to Series 2009F 21st Century Virginia College Building Authority Education Facilities Bonds.

9(c) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 38,508,589	$ 29,170,250	$ 67,678,839
2012	37,343,929	27,308,347	64,652,276
2013	38,342,822	25,479,206	63,822,028
2014	32,770,000	23,621,789	56,391,789
2015	35,080,000	22,017,339	57,097,339
2016-2020	157,817,907	85,581,140	243,399,047
2021-2025	148,300,000	50,122,231	198,422,231
2026-2030	96,595,000	17,768,038	114,363,038
2031-2035	24,765,000	3,175,050	27,940,050
2036-2040	1,830,000	131,338	1,961,338
Deferral on Debt Defeasance	(13,623,200)	-	(13,623,200)
Add: Unamortized Premium	33,544,607	-	33,544,607
Total	$ 631,274,654	$ 284,374,728	$ 915,649,382

9(d) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 24,514,726	$ 44,636,259	$ 69,150,985
2012	25,478,496	43,849,537	69,328,033
2013	26,492,379	42,940,679	69,433,058
2014	26,376,381	41,979,206	68,355,587
2015	27,590,503	40,946,148	68,536,651
2016-2020	120,348,841	189,882,322	310,231,163
2021-2025	117,528,876	169,692,973	287,221,849
2026-2030	121,500,000	155,922,246	277,422,246
2031-2035	218,400,000	144,908,838	363,308,838
2036-2040	616,500,000	98,930,455	715,430,455
Less: Deferral on Debt Defeasance	(8,382,841)	-	(8,382,841)
Add: Unamortized Premium	16,736,091	-	16,736,091
Total	$ 1,333,083,452	$ 973,688,663	$ 2,306,772,115

9(d) VIRGINIA COLLEGE BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 112,495,000	$ 74,784,766	$ 187,279,766
2012	105,060,000	67,195,184	172,255,184
2013	91,025,000	62,532,441	153,557,441
2014	94,995,000	58,431,876	153,426,876
2015	103,765,000	54,189,533	157,954,533
2016-2020	445,125,000	207,893,774	653,018,774
2021-2025	384,895,000	116,786,527	501,681,527
2026-2030	263,820,000	37,888,890	301,708,890
Less: Deferral on Debt Defeasance	(17,668,500)	-	(17,668,500)
Add: Unamortized Premium	94,105,300	-	94,105,300
Total	$ 1,677,616,800	$ 679,702,991	$ 2,357,319,791

Various higher education institutions' foundations (component units) and a museum foundation (component unit) have bonds outstanding as of year-end. The purpose of a majority of these bonds is for construction, property acquisition, and defeasance of prior debt. The following schedule details the future principal payments. :

FOUNDATIONS' BONDS (1)
Debt Service Requirements to Maturity

Maturity	*Principal*
2011	$ 15,884,857
2012	14,413,622
2013	16,114,946
2014	28,470,878
2015	17,732,976
Thereafter	756,741,549
Mark-to-market estimate of bank swap transactions	2,372,462
Total	$ 851,731,290

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Innovation and Entrepreneurship Investment Authority

The Innovation and Entrepreneurship Investment Authority (IEIA) has issued Taxable Lease Revenue Bonds, Series 1989, and Series 1997 Refunding. The Series 1989 bonds were issued to cover a portion of the costs related to the construction of a software development center and office building. Series 1997 bonds were issued to advance refund $11.2 million of the outstanding 1989 bonds.

The 1989 bonds had an average interest rate of 10.3 percent and the 1997 bonds have an average interest rate of 7.4 percent. The bonds were issued on March 1, 1989, and May 1, 1997, respectively. The following schedule details the annual funding requirements necessary to amortize ITA bonds:

9(d) INNOVATION AND ENTREPRENEURSHIP INVESTMENT AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 1,015,000	$ 336,896	$ 1,351,896
2012	1,090,000	260,568	1,350,568
2013	1,155,000	178,600	1,333,600
2014	1,220,000	91,744	1,311,744
Total	$ 4,480,000	$ 867,808	$ 5,347,808

Virginia Port Authority

The Virginia Port Authority (VPA) has issued Section 9(d) revenue bonds and notes pursuant to powers provided to its board of commissioners by the *Code of Virginia*. The interest rates for these bonds range from 3.375 percent to 5.5 percent and the issuance dates range from July 23, 2002, to May 6, 2010. Series 2006A bonds were issued to advance refund $22.9 million of outstanding Series 1996 bonds. Series 2010 bonds were issued to currently refund in full the outstanding principal amount of the Authority's Series 2009 Bond Anticipation Note. The following schedule details the annual funding requirements necessary to amortize VPA bonds:

9(d) VIRGINIA PORT AUTHORITY DEBT
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 11,760,000	$ 23,396,465	$ 35,156,465
2012	12,330,000	22,287,428	34,617,428
2013	12,935,000	21,647,813	34,582,813
2014	13,575,000	20,977,708	34,552,708
2015	14,250,000	20,225,658	34,475,658
2016-2020	77,990,000	89,130,367	167,120,367
2021-2025	96,205,000	67,105,283	163,310,283
2026-2030	102,635,000	41,056,229	143,691,229
2031-2035	78,070,000	20,638,138	98,708,138
2036-2040	47,445,000	3,938,500	51,383,500
2041-2045	4,590,000	229,500	4,819,500
Less: Deferral on Debt Defeasance	(914,048)	-	(914,048)
Add: Unamortized Premium	12,180,380	-	12,180,380
Total	$ 483,051,332	$ 330,633,089	$ 813,684,421

Virginia Housing Development Authority

The Virginia Housing Development Authority (VHDA) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.151 percent to 8.18 percent and the origination dates range from August 3, 2000, to February 10, 2010. The following schedule details the annual funding requirements necessary to amortize these bonds:

9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 256,051,478	$ 318,926,180	$ 574,977,658
2012	281,405,000	309,253,733	590,658,733
2013	276,445,000	296,819,715	573,264,715
2014	269,560,000	285,125,765	554,685,765
2015	267,100,000	273,199,664	540,299,664
2016-2020	1,323,510,000	1,176,061,594	2,499,571,594
2021-2025	1,136,945,000	851,627,112	1,988,572,112
2026-2030	1,035,540,872	563,994,000	1,599,534,872
2031-2035	837,446,501	314,237,305	1,151,683,806
2036-2040	611,004,956	110,036,610	721,041,566
2041-2045	420,610,000	10,310,853	430,920,853
Add: Unamortized Premium	23,984,028	-	23,984,028
Total	$ 6,739,602,835	$ 4,509,592,531	$ 11,249,195,366

Virginia Resources Authority

The Virginia Resources Authority (VRA) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 1.00 percent to 8.70 percent and the origination dates range from December 1, 1985, to June 17, 2010. The following schedule details the annual funding requirements necessary to amortize these bonds:

9(d) VIRGINIA RESOURCES AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 93,828,450	$ 114,352,667	$ 208,181,117
2012	96,083,450	111,484,632	207,568,082
2013	104,236,100	107,279,731	211,515,831
2014	111,123,450	102,916,242	214,039,692
2015	117,330,000	98,257,756	215,587,756
2016-2020	631,470,000	406,567,664	1,038,037,664
2021-2025	566,280,000	263,858,335	830,138,335
2026-2030	513,395,000	133,368,394	646,763,394
2031-2035	223,675,000	41,982,563	265,657,563
2036-2040	66,910,000	6,067,541	72,977,541
2041-2045	890,000	20,563	910,563
Less: Unaccreted Capital Appreciation Bonds	(43,608,808)	-	(43,608,808)
Add: Unamortized Premium	103,943,520	-	103,943,520
Total	$ 2,585,556,162	$ 1,386,156,088	$ 3,971,712,250

Virginia Public School Authority

The Virginia Public School Authority (VPSA) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.60 percent to 5.95 percent, and the origination dates range from November 20, 1997, to May 13, 2010. The following schedule details the annual funding requirements necessary to amortize these bonds:

9(d) VIRGINIA PUBLIC SCHOOL AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 196,210,000	$ 145,425,590	$ 341,635,590
2012	221,750,000	136,606,961	358,356,961
2013	210,185,000	126,175,176	336,360,176
2014	207,180,000	116,283,764	323,463,764
2015	203,520,000	106,351,695	309,871,695
2016-2020	945,187,063	387,116,346	1,332,303,409
2021-2025	709,895,000	185,955,283	895,850,283
2026-2030	432,695,000	54,268,018	486,963,018
2031-2035	61,875,000	8,498,237	70,373,237
2036-2040	7,705,000	344,663	8,049,663
Less: Deferral on Debt Defeasance	(81,549,500)	-	(81,549,500)
Add: Unamortized Premium	121,294,181	-	121,294,181
Total	$ 3,235,946,744	$ 1,267,025,733	$ 4,502,972,477

Hampton Roads Sanitation District Commission

The Hampton Roads Sanitation District Commission issued bonds under a Master Trust Indenture and a Trust Agreement dated December 1, 1993, and March 1, 2003. The interest cost for these bonds range from 2.38 percent to 5.86 percent. The following schedule details the annual funding requirements necessary to amortize these bonds:

HAMPTON ROADS SANITATION DISTRICT COMMISSION
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 16,699,000	$ 22,653,000	$ 39,352,000
2012	18,414,000	23,841,000	42,255,000
2013	19,854,000	24,111,000	43,965,000
2014	20,807,000	24,823,000	45,630,000
2015	21,518,000	23,977,000	45,495,000
2016-2020	87,127,000	108,259,000	195,386,000
2021-2025	91,701,000	87,862,000	179,563,000
2026-2030	95,287,000	63,015,000	158,302,000
2031-2035	94,861,000	36,304,000	131,165,000
2036-2040	81,050,000	10,097,000	91,147,000
Total	$ 547,318,000	$ 424,942,000	$ 972,260,000

Virginia Biotechnology Research Partnership Authority

The Virginia Biotechnology Research Partnership Authority issued Series 1996, 1999A, 1999B, 2001 and 2009 Commonwealth of Virginia Lease Revenue bonds. Coupon interest rates range from 3.0 percent to 6.4 percent. The Series 1996 Virginia Biotechnology Research Partnership Authority Lease Revenue Bonds were refinanced with VPBA Series 2005A bonds on March 1, 2005.

VIRGINIA BIOTECH RESEARCH AUTHORITY
Debt Service Requirements to Maturity

Maturity	*Principal*	*Interest*	*Total*
2011	$ 2,860,000	$ 1,855,776	$ 4,715,776
2012	3,005,000	1,718,938	4,723,938
2013	2,105,000	1,609,413	3,714,413
2014	3,560,000	1,518,663	5,078,663
2015	3,700,000	1,386,688	5,086,688
2016-2020	19,195,000	4,578,900	23,773,900
2021-2025	9,055,000	458,375	9,513,375
Less: Unamortized Discount	(692,710)	-	(692,710)
Deferral on Debt Defeasance	(2,939,800)	-	(2,939,800)
Add: Unamortized Premium	4,157,004	-	4,157,004
Total	$ 44,004,494	$ 13,126,753	$ 57,131,247

Total principal outstanding at June 30, 2010, on all component unit bonds amounted to $18.1 billion.

The following schedule summarizes the changes in long-term liabilities:

Schedule of Changes in Long-term Debt and Obligations (1) (2)

(Dollars in Thousands)

	Balance July 1, 2009	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30, 2010
Primary Government				
Governmental Activities:				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - 9(b) and 9(c):				
Public Facilities Bonds (3)	$ 984,077	$ 166,765	$ (201,778)	$ 949,064
Parking Facilities Bonds (3)	6,275	15,877	(3,297)	18,855
Transportation Facilities Bonds (3)	41,285	-	(7,615)	33,670
Add: Unamortized Premium	53,819	24,891	(11,983)	66,727
Less: Deferral on Debt Defeasance	(7,936)	2,449	(13,443)	(18,930)
Total General Obligation Bonds	1,077,520	209,982	(238,116)	1,049,386
Long-term Debt / Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Transportation Facilities Bonds (3)	1,373,344	564,860	(179,830)	1,758,374
Virginia Public Building Authority Bonds (3)	2,005,225	317,230	(136,090)	2,186,365
Regional Jails Financing Payable	8,231	-	(1,786)	6,445
Industrial Development Authority Obligations	10,025	-	(4,875)	5,150
Economic Development Authority Obligations (3)	89,980	-	(3,515)	86,465
Add: Unamortized Premium	191,243	19,378	(24,225)	186,396
Accretion on Capital Appreciation Bonds	14,526	2,603	-	17,129
Less: Unamortized Discount	(582)	540	(116)	(158)
Deferral on Debt Defeasance	(30,336)	5,543	-	(24,793)
Installment Purchase Obligations	61,966	20,679	(8,695)	73,950
Notes Payable - Virginia Public Broadcasting Board	5,830	-	(2,840)	2,990
Notes Payable - Transportation	8,000	-	-	8,000
Notes Payable - Aviation	1,909	-	(286)	1,623
Notes Payable - Tax Refund	81,278	-	-	81,278
Compensated Absences	336,072	3,965	(19,125)	320,912
Capital Lease Obligations	102,913	4,908	(10,809)	97,012
Pension Liability	989,517	157,646	-	1,147,163
OPEB Liability	117,604	97,339	-	214,943
Pollution Remediation Liability	2,472	1,890	(343)	4,019
Other	22,302	6,991	(3,252)	26,041
Total Long-term Debt / Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	5,391,519	1,203,572	(395,787)	6,199,304
Total Governmental Activities	6,469,039	1,413,554	(633,903)	7,248,690
Business-type Activities:				
Long-term Debt / Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Installment Purchase Obligations	964	-	(777)	187
Capital Lease Obligations	1,919	-	(512)	1,407
Obligations:				
Compensated Absences	8,955	2,157	(1,982)	9,130
Pension Liability	21,368	5,011	-	26,379
OPEB Liability	2,973	2,806	-	5,779
Lottery Prizes Payable	293,165	4,376	(46,787)	250,754
Tuition Benefits Payable	1,909,786	296,158	(109,986)	2,095,958
Total Business-type Activities	2,239,130	310,508	(160,044)	2,389,594
Total Primary Government	$ 8,708,169	$ 1,724,062	$ (793,947)	$ 9,638,284

Foundations (4)	Balance June 30, 2010	Due Within One Year
$ -	$ 949,064	$ 75,575
-	18,855	1,533
-	33,670	8,444
-	66,727	-
-	(18,930)	-
-	1,049,386	85,552
-	1,758,374	200,810
-	2,186,365	151,085
-	6,445	1,828
-	5,150	5,150
-	86,465	3,690
-	186,396	-
-	17,129	-
-	(158)	-
-	(24,793)	-
-	73,950	6,376
-	2,990	2,990
-	8,000	-
-	1,623	286
-	81,278	20,000
-	320,912	164,709
-	97,012	10,985
-	1,147,163	-
-	214,943	-
-	4,019	3,451
-	26,041	4,367
-	6,199,304	575,727
-	7,248,690	661,279
-	187	187
-	1,407	560
-	9,130	4,830
-	26,379	-
-	5,779	-
-	250,754	51,372
-	2,095,958	155,582
-	2,389,594	212,531
$ -	$ 9,638,284	$ 873,810

Continued on next page

Schedule of Changes in Long-term Debt and Obligations (1) (2)
(continued)

(Dollars in Thousands)

	Balance July 1, 2009	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30, 2010
Component Units				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - Higher Education 9(c) (3)	$ 573,550	$ 173,994	$ (116,269)	$ 631,275
Long-term Debt / Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Bonds (3)	15,876,380	3,322,043	(2,547,763)	16,650,660
Installment Purchase Obligations	156,236	8,366	(23,576)	141,026
Capital Lease Obligations	113,687	223	(9,421)	104,489
Notes Payable	1,649,031	721,993	(336,810)	2,034,214
Compensated Absences	237,832	193,649	(192,565)	238,916
Pension Liability	420,996	89,329	(3,770)	506,555
OPEB Liability	121,736	100,383	(3,374)	218,745
Trust and Annuity Obligations	1,106	429	-	1,535
Other	300,535	171,164	(133,288)	338,411
Total Component Units	$ 19,451,089	$ 4,781,573	$ (3,366,836)	$ 20,865,826

(1) Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.
(2) Payments on bonded debt that pertain to the Commonwealth's governmental activities are made through the debt service funds. Payments for installment purchases, compensated absences, capital leases, pension, and other obligations that pertain to the Commonwealth's governmental activities are made through the general and special revenue funds. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the total for governmental activities. Enterprise funds, or business-type activities, are self-supporting funds. Accordingly, long-term liabilities are paid from each respective fund.
(3) Amounts are net of any unamortized discounts, premiums, and deferrals.
(4) Foundations represent FASB reporting entities defined in Note 1.B.

Foundations (4)	Balance June 30, 2010	Due Within One Year
$ -	$ 631,275	$ 39,820
851,731	17,502,391	747,951
8	141,034	26,584
5,196	109,685	6,597
194,354	2,228,568	506,904
10,044	248,960	163,750
79,958	586,513	-
16	218,761	-
73,286	74,821	2,712
102,529	440,940	83,483
$ 1,317,122	$ 22,182,948	$ 1,577,801

Bond Defeasance

Primary Government

In October 2009, the Commonwealth issued $20,270,000 of General Obligation Bonds, Series 2009C, all of which was for the purpose of refunding certain outstanding maturities ("Refunding Bonds"), pursuant to Section 9(c) of Article X of the *Constitution*, with a true interest cost (TIC) of 3.04256 percent to refund $9,025,000 and $11,580,000 of outstanding Commonwealth of Virginia General Obligation Refunding Bonds, Series 2001 and 2002 respectively (the "Refunded Bonds"). The net proceeds from the sale of the Refunding Bonds of $21,926,048 (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the Refunded Bonds. The reacquisition price exceeded the net carrying amount of the old debt by $1,321,000. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. It will, however, reduce total debt service payments over the next fifteen years by $1,926,556 resulting in an economic gain of $1,771,876 discounted at the rate of 2.8074104 percent.

In October 2009, the Commonwealth also issued $168,185,000 of General Obligation Bonds, Series 2009D, all of which was for the purpose of refunding certain outstanding maturities ("Refunding Bonds"), pursuant to Sections 9(b) and 9(c) of Article X of the *Constitution*, with a true interest cost (TIC) of 2.89119 percent to refund $66,420,000, $52,560,000 and $52,570,000 of outstanding Commonwealth of Virginia General Obligation Refunding Bonds, Series 2004A, 2005A and 2006B respectively (the "Refunded Bonds"). The net proceeds from the sale of the Refunding Bonds of $198,736,555 (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the Refunded Bonds. The reacquisition price exceeded the net carrying amount of the old debt by $19,529,000. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. Total debt service payments over the next thirteen years will be reduced by $7,099,194 resulting in an economic gain of $6,856,779 discounted at the rate of 2.8074104 percent.

Component Units

In October 2009, the Virginia College Building Authority (nonmajor) issued $134,000,000 of Series 2009E-1 and $74,860,000 of Series 2009E-2 21st Century College Program refunding bonds. The bonds refunded with the series 2009E-1 refunding bonds were $87,465,000 of series 2004A, $34,855,000 of series 2005A, and $19,415,000 of series 2007B 21st Century College Program bonds. The bonds refunded with the series 2009E-2 refunding bonds were $10,400,000 of series 2002A and $66,005,000 of series 2003A 21st Century College Program bonds. The net proceeds from the sale of the 2009E-1 refunding bonds of $157,471,383 were deposited in irrevocable trusts with escrow agents to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of $9,821,000. Total debt service payments over the next 14 years will be reduced by $6,028,993 resulting in a present value savings of $5,954,141 discounted at the rate of 2.7918101 percent. The net proceeds from the sale of the 2009E-2 refunding bonds of $84,301,827 were deposited in irrevocable trusts with escrow agents to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of $3,995,000. Total debt service payments over the next 13 years will be reduced by $2,924,981 resulting in a present value savings of $2,898,006 discounted at the rate of 2.7918101 percent.

In October 2009, the Virginia Public School Authority (nonmajor) issued $481,285,000 of Series 2009C refunding bonds ("Refunding Bonds"). The bonds refunded were $85,430,000 of series 2001A, $69,230,000 of series 2001B, $33,495,000 of series 2001C, $62,145,000 of series 2002A, $80,665,000 of series 2002B, $45,505,000 of series 2003A, and $122,475,000 of series 2003C bonds. The net proceeds from the sale of the Refunding Bonds were placed with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of $53,186,000. Total debt service payments over the next 19 years will be reduced by $29,229,742 resulting in a present value savings of $28,722,072 discounted at the rate of 2.65 percent.

In October 2009, the Virginia Biotechnology Research Partnership Authority (nonmajor) issued $36,740,000 of Series 2009 refunding bonds ("Refunding Bonds"). Proceeds of the Refunding Bonds were used to refund $37,165,000 of Series 2001 bonds. The net proceeds from the sale of the Refunding Bonds of $40,389,571 were deposited with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of $3,106,597. Total debt service payments over the next 12 years will be reduced by $2,441,694 resulting in a present value savings of $2,285,977 discounted at the rate of 3.0903635 percent.

In May 2010, the Virginia Port Authority (nonmajor) issued Port Facilities Revenue Refunding Bond Series 2010 ("Refunding Bonds") in the principal amount of $68,630,000. Proceeds of the Refunding Bonds were used, together with other funds, to currently refund in full the outstanding principal amount of the Authority's series 2009 $65,000,000 Subordinate Port Facilities Revenue Bond Anticipation Note.

During the fiscal year, the Virginia Resources Authority (nonmajor) issued bond series 2009B and 2010A, from which a portion of proceeds was used to refund or partially refund the following bond series: $3,170,000 of series 2000B, $6,895,000 of series 2001, $17,110,000 of series 2001D, $20,125,000 of series 2002A, and

$137,740,000 of CWSRF series 2004. The refunding resulted in an economic gain of $7,326,832.

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2010, there were $354.9 million in bonds from the primary government that have been refunded and defeased in-substance from the governmental activities column by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. In addition, there were $1.4 billion in bonds outstanding considered defeased from the component units.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986 calculate and rebate arbitrage earnings to the federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulations in order for their bonds to maintain tax-exempt status. The regulations require the excess of the aggregate amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, to be rebated to the federal government. Income earned on excess earnings is also subject to rebate. Rebate liability, if any, must be paid every five years over the life of the bonds. Governmental issuers may elect to pay a penalty in lieu of rebate. Some bonds may be exempt from the rebate requirements if they qualify for certain regulatory exceptions. If the issuer meets one of the exceptions, the issuer retains any arbitrage earnings. Rebate and penalty payments are calculated and paid as required by law on bond issues that do not qualify for an exception.

Although rebatable arbitrage need only be calculated for tax purposes every fifth year that debt is outstanding, and consistent with modified accrual basis of accounting, is not recognized as a liability in governmental funds until amounts actually become due and payable, a liability is recognized in accrual basis government-wide statements as soon as the underlying event has occurred. Accordingly, as of June 30, 2010, the Commonwealth has recognized a government-wide liability of $1,620,132 and the Virginia Resources Authority (nonmajor component unit) has recognized a liability of $3,628,572.

Amounts remitted to the federal government for rebate liability are generally paid from earnings derived from the issue. However, if all proceeds (including earnings) have been expended and depending on the type of issue, it may be necessary to use project revenues or general or nongeneral fund appropriations to satisfy any rebate liability. No rebate payments were owed during the year on the Commonwealth's general obligation bonds or bonds of the Virginia Public Building Authority, Virginia College Building Authority or Commonwealth Transportation Board.

Rebate liability on bonds of the Virginia Public School Authority (major component unit) is payable from earnings on related bond funds and from local issuers whose local school bonds were purchased by the VPSA. During the year, $549,399 was paid to the federal government for rebate on various VPSA school financing bonds.

Capital Leases

The Commonwealth leases buildings and equipment under various agreements that are accounted for as capital leases. The lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

Gross minimum lease payments, together with the present value of the net minimum lease payments as of June 30, 2010, are shown in the following table (dollars in thousands).

	Governmental Activities	Business-Type Activities	Component Units (1)
2011	$ 17,566	$ 560	$ 10,042
2012	16,716	575	10,148
2013	15,202	588	10,124
2014	15,251	-	9,446
2015	14,761	-	8,695
2016-2020	41,582	-	32,598
2021-2025	12,211	-	25,267
2026-2030	276	-	25,291
2031-2035	-	-	13,600
2036-2040	-	-	744
2041-2045	-	-	684
2046-2050	-	-	622
2051-2055	-	-	518
Total Gross Minimum Lease Payments	133,565	1,723	147,779
Less: Amount Representing Executory Costs	9,426	-	3
Net Minimum Lease Payments	124,139	1,723	147,776
Less: Amount Representing Interest	27,127	316	43,287
Present Value of Net Minimum Lease Payments	$ 97,012	$ 1,407	$ 104,489

Note (1): The above amounts exclude capital lease obligations of foundations.

	Foundations (2)
2011	$ 514
2012	457
2013	442
2014	447
2015	425
Thereafter	6,611
Net Minimum Lease Payments	8,896
Less: Amount Representing Interest	3,700
Present Value of Net Minimum Lease Payments	$ 5,196

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Land purchased under a capital lease for approximately $4.8 million is not included in the schedule below.

At June 30, 2010, assets purchased under capital leases were included in depreciable capital assets as follows (dollars in thousands). The amounts are net of accumulated depreciation where applicable. For a portion of these assets, ownership will pass to the Commonwealth at the end of the lease term.

	Buildings	Equipment	Total
Governmental Activities:			
Gross Capital Assets	$ 176,056	$ 2,548	$ 178,604
Less: Accumulated Depreciation	58,919	1,059	59,978
Total Governmental Activities	$ 117,137	$ 1,489	$ 118,626
Business-Type Activities:			
Gross Capital Assets	$ 2,347	$ -	$ 2,347
Less: Accumulated Depreciation	861	-	861
Total Business-Type Activities	$ 1,486	$ -	$ 1,486
Component Units:			
Gross Capital Assets	$ 158,168	$ 20,521	$ 178,689
Less: Accumulated Depreciation	26,470	15,762	42,232
Subtotal (excluding Foundations)	131,698	4,759	136,457
Foundations:			
Gross Capital Assets	85	980	1,065
Less: Accumulated Depreciation	2	186	188
Subtotal Foundations	83	794	877
Total Component Units	$ 131,781	$ 5,553	$ 137,334

Notes Payable

Notes Payable consist of several items as shown in the following schedule (dollars in thousands):

Primary Government	
Transportation Note	$ 8,000
Virginia Public Broadcasting Board Note	2,990
Aviation Note	1,623
Installment Notes	74,137
Tax Refund Note	81,278
Total Primary Government	168,028
Component Units	
Virginia Public School Authority	168,730
Virginia Housing Development Authority	327,990
University of Virginia	53,843
Virginia Polytechnic Institute and State University	162,866
Virginia Commonwealth University	213,314
Nonmajor Component Units	1,107,471
Installment Notes	141,026
Subtotal (excluding Foundations)	2,175,240
Foundations:	
Notes Payable	194,354
Installment Notes	8
Subtotal - Foundations	194,362
Total Component Units	2,369,602
Total Notes Payable	$ 2,537,630

The Transportation (primary government) Note represents an interest free note payable to Chesterfield County, Virginia, of $8,000,000 for the repayment of the Powhite Parkway Extension Toll Road from surplus net revenues of the project prior to the retirement of all the bonds issued.

The Virginia Public Broadcasting Board (part of primary government) Note represents a loan agreement entered into with the Harrisonburg Industrial Development Authority for $23,840,000. The purpose of the loan was to grant funds to Virginia's public television stations to assist with the cost of conversion to the Federal Communication Commission's new digital standard. The agreement was entered into February 27, 2001, and has a variable rate of interest. The variable interest rates are reset weekly by the remarketing agent. The General Assembly authorized these grants in Chapter 1073 of the 2000 Appropriation Act.

The Aviation (primary government) Note represents a loan agreement with the Virginia Resources Authority in the amount of $6,600,000. The purpose of the loan was to finance and refinance grants-in-aid made to the Peninsula Airport Commission to provide funding for capital improvements at the Newport News/Williamsburg International Airport. The principal amount shall be paid semi-annually with the final payment due in 2017.

The Tax Refund (primary government) Note of $81,278,205 is owed to a taxpayer and will be paid in four equal annual installments. Variable interest not to exceed 4.0 percent will be included in the annual payments.

The Virginia Public School Authority (major component unit) notes of $168,730,000 are for the School Equipment Financing Notes Educational Technology program. The note proceeds were used to make grants to school divisions for the purchase of educational technology equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund (major special revenue fund).

The Virginia Housing Development Authority (major component unit) has notes payable of $327,990,000, representing a credit agreement with the Federal Home Loan Bank of Atlanta. The proceeds along with the bond proceeds are used to make mortgage loans.

The Virginia Resources Authority (nonmajor component unit) notes of $7,225,165 are Equipment and Term Financing loans.

An additional amount of $1,530,269,000 is comprised primarily of higher education (component unit) promissory notes with the Virginia College Building Authority (nonmajor component unit) to finance the construction of various higher education facilities. The VCBA principal amount net of unamortized accruals is $1,517,349,382. Interest rates range from 2.00 percent to 5.75 percent and shall be paid semi-annually. The final principal payment is due in 2040. The Virginia Biotechnology Research Partnership Authority has notes payable in the amount of $9,446,462 used for refunding the 1998 bonds issued for BioTech One, making tenant improvements to BioTech Six and purchase two pieces of land.

The higher education institutions (component units) also have notes payable. The University of Virginia (major component unit) has notes payable of $601,607 for a GPS system. The College of William and Mary (nonmajor component unit) has notes payable of $24,207 with SunTrust Bank to partially finance the multi-year implementation of the administrative and financial system. This first note matured in 2008 and the second note has an interest rate of 3.75 percent and matures in 2011. Virginia State University (nonmajor component unit) has a note payable of $1,750,883, which is the result of a loan agreement with the U.S. Department of Housing and Urban Development to repair seven dormitories. The loan is to be repaid over 30 years at 3.0 percent interest per annum, and is secured by a lien on the net revenues from the ownership, operation, and use of the seven dormitories under repair. Norfolk State University (nonmajor component unit) has a note payable of $57,796, which is the result of an agreement with the City of Norfolk to purchase the Brambleton Center. The loan is payable in six full scholarships each year varying from $4,593 to $13,308 with the final amount due in 2019. The Radford University Property Acquisition Foundation (blended component unit of Radford University (nonmajor component unit)) has a notes payable of $1,038,191 to purchase land and a building. The original note was refinanced and the new terms include an interest rate of 5.53 percent, payable in monthly installments with a final payment in 2022.

Various foundations (component units) have notes outstanding as of year-end. The purpose of a majority of these notes is for property acquisition, working capital, and construction. Future principal payments as of June 30, 2010, are shown in the following table (dollars in thousands).

Foundations' Notes Payable (Component Units) (1)
June 30, 2010

Maturity		Principal
2011	$	56,741
2012		8,366
2013		14,376
2014		8,003
2015		10,335
Thereafter		96,533
Total	$	194,354

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Installment purchase obligations have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the component units and certain institutions of higher education, contain nonappropriation clauses indicating that continuation of the installment purchase obligations is subject to funding by the General Assembly. Installment purchase obligations represent $215,162,949 of the total outstanding debt of the Commonwealth. The foundations (component units) had installment purchase obligations totaling $7,875 as of year-end. Presented in the following tables are repayment schedules for installment purchase obligations.

Installment Purchase Obligations - Governmental Funds

June 30, 2010

Maturity	Principal	Interest	Total
2011	$ 6,376,082	$ 2,297,719	$ 8,673,801
2012	5,841,031	2,565,015	8,406,046
2013	5,448,421	2,353,726	7,802,147
2014	5,604,539	2,147,401	7,751,940
2015	6,171,475	1,999,988	8,171,463
2016-2020	28,983,278	6,291,019	35,274,297
2021-2025	15,525,272	1,415,091	16,940,363
Total	$ 73,950,098	$ 19,069,959	$ 93,020,057

Installment Purchase Obligations - Business-type Activities

June 30, 2010

Maturity	Principal	Interest	Total
2011	$ 186,944	$ 1,963	$ 188,907
Total	$ 186,944	$ 1,963	$ 188,907

Installment Purchase Obligations - Component Units (1)

June 30, 2010

Maturity	Principal	Interest	Total
2011	$ 26,581,433	$ 6,051,565	$ 32,632,998
2012	17,447,988	3,899,955	21,347,943
2013	16,754,466	3,352,044	20,106,510
2014	15,392,236	2,839,791	18,232,027
2015	13,352,544	2,332,031	15,684,575
2016-2020	43,219,132	5,679,917	48,899,049
2021-2025	8,278,108	777,182	9,055,290
Total	$ 141,025,907	$ 24,932,485	$ 165,958,392

Note (1): The above amounts exclude installment purchase obligations of foundations.

Installment Purchase Obligations - Foundations (2)

June 30, 2010

Maturity	Principal
2011	$ 2,921
2012	1,968
2013	1,968
2014	1,018
Total	$ 7,875

Note (2): Foundations represent FASB reporting entities defined in Note 1.B.

Lottery Prizes Payable

Lottery prizes are paid in 20, 25, 26, or 30 installments. The first installment is paid on the day the prize is claimed. The subsequent annual payments are funded with U.S. Treasury STRIPS purchased by the Virginia Lottery. For Life prizes payable represent estimated prizes payable monthly, quarterly or annually for the life of the winner based on life expectancy tables from the Virginia Bureau of Insurance, and funded with a pool of U.S. Treasury STRIPS.

Lottery prizes payable represent the future annual prize payments valued at cost plus accrued interest (present value of securities held to maturity) of the investment securities funding the payments.

Lottery prizes payable for the fiscal year ended June 30, 2010, are shown in the following table:

	Jackpot	Win For Life	Total
Due within one year	$ 47,637,175	$ 3,734,531	$ 51,371,706
Due in subsequent years	149,510,800	49,871,326	199,382,126
Total (present value)	197,147,975	53,605,857	250,753,832
Add: Interest to Maturity	61,460,025	39,067,143	100,527,168
Lottery Prizes Payable at Maturity	$ 258,608,000	$ 92,673,000	$ 351,281,000

Tuition Benefits Payable

The Virginia College Savings Plan administers the Virginia Prepaid Education Program (VPEP). VPEP offers contracts which, for actuarially determined amounts, provide for guaranteed full future tuition payments at state higher education institutions. The contract provisions also allow the benefits to be used for private or out-of-state institutions at a prorated amount based upon the amounts charged by the state's higher education institutions.

At June 30, 2010, tuition benefits payable of $2.1 billion have been recorded for the VPEP program on the balance sheet for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the VPEP program. In addition, a receivable in the amount of $266.5 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

27. OTHER REVENUE

The following table (dollars in thousands) summarizes Other Revenue for the fiscal year ended June 30, 2010.

	Assessments and Receipts for Support of Special Services	Fines, Forfeitures, Court Fees, Penalties, and Escheats	Receipts from Cities Counties, and Towns	Private Gifts, Grants, and Contracts	Sales of Property
Primary Government:					
General	$ 477	$ 193,763	$ 9,761	$ 137	$ 823
Major Special Revenue Funds:					
Commonwealth Transportation	18,068	11,791	84,390	19,397	949
Federal Trust	-	113	-	62	254
Literary	-	67,974	-	-	-
Nonmajor Governmental Funds	97,823	56,436	73,081	10,939	30,437
Major Enterprise Funds:					
Virginia College Savings Plan	-	-	-	-	-
Nonmajor Enterprise Funds	-	13,153	-	-	-
Private Purpose	-	-	-	-	-
Pension and Other Employee Benefit Trust	-	-	-	-	-
Total Primary Government	$ 116,368	$ 343,230	$ 167,232	$ 30,535	$ 32,463

	Tobacco Master Settlement	Taxes	E-Z Pass	Other (1)	Total Other Revenue
Primary Government:					
General	$ 49,182	$ -	$ -	$ 163,984	$ 418,127
Major Special Revenue Funds:					
Commonwealth Transportation	-	-	11,298	5,007	150,900
Federal Trust	-	-	-	67,956	68,385
Literary	-	-	-	113,925	181,899
Nonmajor Governmental Funds	-	-	-	107,474	376,190
Major Enterprise Funds:					
Virginia College Savings Plan	-	-	-	1	1
Nonmajor Enterprise Funds	-	2,961	-	1,991	18,105
Private Purpose	-	-	-	58	58
Pension and Other Employee Benefit Trust	-	-	-	1,083	1,083
Total Primary Government	$ 49,182	$ 2,961	$ 11,298	$ 461,479	$ 1,214,748

Note (1): $105,000 (dollars in thousands) of the total amount recorded for the Literary fund is related to unclaimed property.

28. PRIZES AND CLAIMS

The following table summarizes Prizes and Claims Expense for the fiscal year ended June 30, 2010.

(Dollars in Thousands)

	Insurance Claims	Lottery Prize Expense	Total Prizes and Claims
Proprietary Funds:			
Major Enterprise Funds:			
State Lottery	$ -	$ 842,417	$ 842,417
Unemployment Compensation	922,952	-	922,952
Nonmajor Enterprise Funds	221,116	-	221,116
Total Enterprise Funds	$ 1,144,068	$ 842,417	$ 1,986,485
Internal Service Funds	$ 999,409	$ -	$ 999,409

29. OTHER EXPENSES

The following table summarizes Other Expenses for the fiscal year ended June 30, 2010.

(Dollars in Thousands)

	Grants and Distributions To Localities	Expendable Equipment/ Improvements	Other (1)	Total Other Expenses
Proprietary Funds:				
Major Enterprise Funds:				
Virginia College Savings Plan	$ -	$ 138	$ 1	$ 139
Nonmajor Enterprise Funds	84	1,994	569	2,647
Total Enterprise Funds	$ 84	$ 2,132	$ 570	$ 2,786
Internal Service Funds	$ 1,694	$ 7,288	$ 7,382	$ 16,364
Pension and Other Employee Benefit Trust (2)	$ -	$ -	$ 4,843	$ 4,843

Note (1): $6,538 (dollars in thousands) can be attributed to expenses related to closing cases in the Risk Management internal service fund.

Note (2): Fiduciary expenses of $4,843 (dollars in thousands) are not included in the Government-wide Statement of Activities.

30. OTHER NON-OPERATING REVENUE/EXPENSES

The following table summarizes Other Non-Operating Revenue/Expenses for the fiscal year ended June 30, 2010.

(Dollars in Thousands)

	Loss on Sale of Capital Assets	Expenses for Securities Lending Transactions	Other	Total Other Non-Operating Revenue/ Expenses
Proprietary Funds:				
Major Enterprise Funds:				
State Lottery	$ -	$ (438)	$ 285	$ (153)
Virginia College Savings Plan	-	(23)	-	(23)
Nonmajor Enterprise Funds	-	(46)	9,868	9,822
Total Enterprise Funds	$ -	$ (507)	$ 10,153	$ 9,646
Internal Service Funds	$ (447)	$ (118)	$ (3,175)	$ (3,740)

31. TRANSFERS

The following table summarizes Transfers In and Transfers Out for the fiscal year ended June 30, 2010 (dollars in thousands).

	Transfers In (Reported In):				
Transfers Out (Reported In):	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds
Primary Government					
General	$ -	$ 106,872	$ -	$ -	$ 437,133
Major Special Revenue Funds:					
Commonwealth Transportation	41,440	-	5,341	-	266,089
Federal Trust	496	9,567	-	-	964
Nonmajor Governmental Funds	139,213	-	780	-	11,610
Major Enterprise Funds:					
State Lottery	430,251	-	-	10,296	-
Virginia College Savings Plan	375	-	-	-	-
Unemployment Compensation	-	-	13,313	-	-
Nonmajor Enterprise Funds	131,079	-	-	12	14,568
Internal Service Funds	489	-	-	-	4,675
Total Primary Government	$ 743,343	$ 116,439	$ 19,434	$ 10,308	$ 735,039

Transfers are used to (1) move revenues from the fund that the *Code of Virginia* or budget requires to collect them to the fund that the *Code of Virginia* or budget requires to expend them; (2) move receipts restricted for debt service from the funds holding the resources to the debt service fund as principal and interest payments become due; (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (4) reimburse the General Fund for expenses incurred on behalf of nongeneral funds.

During the fiscal year, the following significant transfers were made that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.

Nonmajor Enterprise Funds	Internal Service Funds	Total Primary Government
$ -	$ -	$ 544,005
-	330	313,200
18	-	11,045
2,430	-	154,033
-	-	440,547
-	-	375
-	-	13,313
-	-	145,659
-	-	5,164
$ 2,448	$ 330	$ 1,627,341

- Various nongeneral funds transferred approximately $132.0 million to the General Fund as required by Chapter 872, 2010 Acts of Assembly.
- The Department of Motor Vehicles transferred certain fees of approximately $6.4 million to the General Fund as required by Chapter 872, 2010 Acts of Assembly.

32. ON-BEHALF PAYMENTS

Higher education institutions (component units) recognized various foundation and association on-behalf payments for fringe benefits and salaries during fiscal year 2010 totaling $638,080. This activity was recorded as Program Revenue – Operating Grants and Contributions.

33. ENDOWMENTS

Donor restricted endowments reside primarily within the higher education institutions. The net appreciation available for expenditure is $785.7 million. Of this amount, $784.8 million is reported as restricted net assets and $0.9 million is reported as unrestricted net assets. The *Code of Virginia* authorizes acceptance of donations. The governing boards of these entities and the donor agreements determine whether net appreciation can be spent and the accepted spending rate. These policies are entity specific and vary with each institution.

34. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (dollars in thousands) summarizes specific cash flows for the fiscal year ended June 30, 2010.

	State Lottery	Virginia College Savings Plan	Unemployment Compensation
Cash Flows Resulting from:			
Payments for Prizes, Claims, and Loss Control:			
Lottery Prizes	$ (912,482)	$ -	$ -
Claims and Loss Control	-	-	(950,340)
Total	$ (912,482)	$ -	$ (950,340)
Other Operating Revenue:			
Other Operating Revenue	$ -	$ 1	$ -
Total	$ -	$ 1	$ -
Other Operating Expense:			
Other Operating Expenses (1)	$ -	$ (1)	$ -
Total	$ -	$ (1)	$ -
Other Noncapital Financing Receipt Activities:			
Advances/Contributions from the Commonwealth	$ 9,000	$ -	$ -
Receipts from Taxes	-	-	-
Other Noncapital Financing Receipt Activities (2)	(92)	-	346,876
Total	$ 8,908	$ -	$ 346,876
Other Noncapital Financing Disbursement Activities:			
Repayments of Advances/Contributions from the Commonwealth	$ -	$ -	$ -
Other Noncapital Financing Disbursement Activities	-	-	-
Total	$ -	$ -	$ -

Note (1): $ 6,538 (dollars in thousands) can be attributed to disbursements related to closing cases in the Risk Management internal service fund.
Note (2): $346,876 (dollars in thousands) can be attributed to Federal repayable advances under Title XII of the Social Security Act.

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
$ -	$ (912,482)	$ -
(226,178)	(1,176,518)	(1,001,579)
$ (226,178)	$ (2,089,000)	$ (1,001,579)
$ 6,380	$ 6,381	$ -
$ 6,380	$ 6,381	$ -
$ (182)	$ (183)	$ (11,131)
$ (182)	$ (183)	$ (11,131)
$ 32,722	$ 41,722	$ 30,000
168,780	168,780	-
231	347,015	209
$ 201,733	$ 557,517	$ 30,209
$ (28,110)	$ (28,110)	$ -
(90)	(90)	-
$ (28,200)	$ (28,200)	$ -

35. TOBACCO SETTLEMENT AND SECURITIZATION

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other health care programs. The Commonwealth could receive approximately $4.1 billion over the next 25 years. The settlement was approved in a Consent Decree in December 1998. On March 29, 1999, the General Assembly enacted a law approving the establishment of the Virginia Tobacco Indemnification and Community Revitalization Commission (Commission), in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco.

The Commission was established for the purposes of determining the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund. The monies are to be used to provide payments to tobacco farmers as compensation for the tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota. The monies are also to be used to revitalize tobacco dependent communities.

The General Assembly also created the Virginia Foundation for Healthy Youth (Foundation) (formerly the Virginia Tobacco Settlement Foundation). The purpose of the Foundation is to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund. The Foundation will also be responsible for distributing monies for the purposes provided in the legislation. Disbursements can be made to assist in financing efforts to restrict the use of tobacco products by minors, through educational and awareness programs describing the health effects of tobacco use on minors, and laws restricting the distribution of tobacco products to minors. The Commission and the Foundation are included in the Comprehensive Annual Financial Report as component units.

Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies are accounted for in these funds and the General Fund. Fifty percent of the Settlement monies will be deposited into the Tobacco Indemnification and Community Revitalization Fund. Ten percent of the Settlement monies will be deposited into the Virginia Tobacco Settlement Fund. The remaining 40 percent will be reported in the General Fund.

In May 2005, pursuant to a Purchase and Sale Agreement with the Commonwealth, acting as an agent on behalf of the Tobacco Indemnification and Community Revitalization Commission (Commission), the Commonwealth sold to the Tobacco Settlement Financing Corporation (Corporation) 25 percent of its future right, title and interest in the Tobacco Settlement Revenues (TSRs). In May 2007, pursuant to a Purchase and Sale Agreement with the Commonwealth, acting as an agent on behalf of the Commission, the Commonwealth sold to the Corporation the remaining 25 percent of its future right, title and interest in the TSRs. Specifically, these rights include all of the 50 percent share of the TSRs received by the Commission starting May 15, 2005, and in perpetuity under the Master Settlement Agreement.

Consideration paid by the Corporation to the Commission for TSRs consisted of a cash amount deposited into an endowment to fund the long-term spending plan approved by the Commission. The bonds of the Corporation are asset-backed instruments secured solely by the TSRs, and the Corporation's right to receive TSRs is expected to produce funding for its obligations.

The Commission is a discrete component unit of the Commonwealth and the Corporation is disclosed as a related organization.

36. INFORMATION TECHNOLOGY INFRASTRUCTURE PARTNERSHIP – NORTHROP GRUMMAN

The Comprehensive Infrastructure Agreement (CIA) is a contract, executed on November 13, 2005, between the Commonwealth of Virginia (Commonwealth) acting through the Virginia Information Technologies Agency (VITA) and Northrop Grumman Information Technology, Inc (NG). The Commonwealth's primary goal is to significantly improve the Commonwealth's IT infrastructure and the manner in which such infrastructure is operated, supported, and maintained for the following service towers: Cross-Functional Services, Desktop Computing Services; Data Network Services; Voice and Video Telecom Services; Mainframe and Server Services; Help Desk Services; Messaging Services; Security Services; Internal Application Services; and Data Center facilities.

On March 31, 2010, contract revisions to the CIA were completed between the Commonwealth and Northrop Grumman. As a result of the contract changes, the Commonwealth renewed the contract for an additional three years, the parties established the products and services covered in the contractual cap including the baseline quantities to be billed and the prices at which those quantities will be billed, a shortened formula for contract year ten cost of living adjustment, and increased resolution and disentanglement fees. These contract changes are intended to provide improved performance to the VITA customer agencies, provide greater accountability and operational efficiencies for the services provided, and resolve outstanding financial issues. Expenses associated with the CIA during the fiscal year 2010 totaled $248.8 million, including payments to Northrop Grumman of $190.6 million. The Commonwealth expects to spend an additional $2.2 billion over the next nine fiscal years.

The Commonwealth may terminate the CIA due to a variety of reasons including the Commonwealth's convenience; a significant change of control in the equity interests in NG; NG's failure to implement satisfactory improvements; or, NG's failure to prevent service interruption of 15 days or more. In these instances, the Commonwealth will be required to pay

exit and resolution fees as outlined in the CIA. Additional causes for termination that do not require the payment of exit or resolution fees are NG's default on the CIA terms, the Commonwealth's lack of funds, or NG's incurrence of liabilities equal to or more than 75 percent of the direct damages cap. NG may terminate the CIA only if the Commonwealth owes an aggregate amount in excess of $100 million that is more than 30 days past due and not being disputed in good faith. The Commonwealth may be required to pay exit and resolution fees, as outlined in the CIA, if NG terminates the CIA. Fees resulting from the termination of the agreement are expected to be significant to the Commonwealth. However, exit fees are subject to the appropriation, allocation and availability of Commonwealth funds. Further, if the Commonwealth and NG terminate the business relationship at the conclusion of the CIA term, the Commonwealth will incur significant costs to reacquire and transition the IT infrastructure and staff necessary to continue the Commonwealth's operations.

37. CONTINGENCIES

A. Grants and Contracts

The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth.

Institutions of higher education (component units) and other state agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Failure to comply with certain requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

The U.S. Department of Health and Human Services (DHHS) Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries in the internal service funds. The U.S. DHHS has received the 2011 cost allocation plan, which is based on fiscal year 2009 data. The Commonwealth believes this liability has the potential to total $856,487 as of June 30, 2010.

Virginia's combined overpayment and underpayment Supplemental Nutrition Assistance Program (SNAP) error rate for federal fiscal year 2009 was 5.74 percent. The national average combined error rate was 4.36 percent. A liability amount is established when, for the second or subsequent consecutive fiscal year, the USDA determines that there is a 95 percent probability that a State's payment error rate exceeds 105 percent of the national performance measure. Virginia fell within the tolerance level for 2009 and therefore 2009 does not count as a first year of potential liability.

The Virginia Tourism Authority had unclaimed awards totaling $1,368,125 payable to awardees upon submission of proper claims for reimbursement for the Marketing Leverage Program. Also, the Authority received a donation of land from King George County to be used as the Gateway Welcome Center on highway U.S. 301 at the Virginia Maryland border. The deed requires the land revert to the U.S. government if needed for national defense. The book value of the land is $826,900.

B. Litigation

The Commonwealth is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have a material, adverse effect on the financial condition of the Commonwealth.

C. Subject to Appropriation

Both the primary government and the discretely presented component units enter into agreements and issue debt secured solely by future appropriations from the General Fund of the Commonwealth. The primary government has leases and other agreements of such debt of $2.5 billion. The discretely presented component units have such debt of $1.7 billion.

D. Bailment Inventory

The Department of Alcoholic Beverage Control (ABC) houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by ABC or returned to the supplier. ABC uses the bailment system for payment of merchandise for resale. ABC initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2010, the bailment inventory was valued at $36.1 million.

E. Loan Guarantees

The Virginia Small Business Financing Authority (VSBFA) (nonmajor component unit) has a loan guaranty program which provides guarantees up to the lesser of $500,000 or 75 percent of a bank loan for lines of credit and short-term working capital loans for small businesses. In addition, the Department of Minority Business Enterprise (DMBE) fund provides loan guarantees up to 90 percent of a bank loan for lines of credit and short-term working capital loans for minority businesses. The VSBFA administers this program for DMBE. As of June 30, 2010, the loan guaranty program has guarantees outstanding of $1.5 million.

The Assistive Technology Loan Fund Authority (nonmajor component unit) has an alternative financing program which provides guarantees of loans issued by its financial partner, SunTrust Bank. As of June 30, 2010, there was approximately $712,957 of loans issued in which it was the guarantor.

F. Other

The Virginia Horse Center Foundation (nonmajor component unit) is in default of a loan with the U.S. Department of Agriculture. The amount of default is $161,036. Further, the Foundation incurred new debt without express permission as prescribed in loan agreement from the U.S. Department of Agriculture or the memorandum of understanding with the Commonwealth. The outstanding balance as of June 30, 2010 is $322,825. While the Foundation has prepared a plan to restructure the debt and address other matters, the Foundation's auditor has expressed concern regarding the Foundation's continued operational viability.

38. SUBSEQUENT EVENTS

Primary Government

Other

On July 22, 2010, Congress passed an extension of federally-funded unemployment compensation benefits that had previously expired on May 23, 2010. The extension was applied retroactively to include claimants who would have had available EUC08 Tiers or EB had the previous law not expired. As a result of this extension, payments totaling approximately $14.4 million were made during August 2010 for benefit weeks prior to June 30, 2010. Federal revenue was received to fund 100 percent of these payments. These retroactive payments are not accrued liabilities in the financial statement attachments, since as of June 30, federal extensions were in an expired status. These payments were accounted for in a non-ARRA federal Unemployment Compensation Benefits Fund.

Debt

On October 27, 2010, the Commonwealth issued a total of $171,270,000 in General Obligation Bonds, comprised of $21,720,000 Series 2010A-1 (Tax-Exempt) and $149,550,000 Series 2010A-2 (Taxable-Build America Bonds). Build America Bonds (BABs) were authorized under the America Recovery and Reinvestment Act of 2009 (the ARRA) as an alternative to traditional tax-exempt bonds. BABs are issued on a taxable basis, and the issuer is eligible to receive a subsidy payment from the Federal government equal to 35 percent of each interest payment. Interest paid to bondholders on these bonds will be subject to federal income tax, but will be exempt from Commonwealth income tax. The Series 2010A Bonds were issued to finance revenue-producing capital projects at various institutions of higher education pursuant to Article X, Section 9(c) of the *Constitution of Virginia*.

On November 23, 2010, the Virginia Public Building Authority (VPBA) issued its $333,600,000 Public Facilities Revenue Bonds and Revenue Refunding Bonds Series 2010B-1, 2010B-2 and 2010B-3. Its $87,510,000 Series 2010B-1 (Tax-Exempt) Bonds and its $195,310,000 Series 2010B-2 (Taxable BABs) will provide funding for authorized VPBA projects and reimbursement of the Commonwealth's share of regional and local jail costs. The $50,780,000 Series 2010B-3 Refunding Bonds were issued to refinance portions of the VPBA's Series 2002A and 2004B bonds for debt service savings.

Component Units

Debt

Subsequent to June 30, 2010, the Virginia Resources Authority as part of the Virginia Pooled Financing Program issued bonds in the amount of $41,230,000, dated August 18, 2010. The interest rates range from 3.1 percent to 5.0 percent with a final due date of November 1, 2040.

On July 6, 2010, the Virginia Port Authority (VPA) entered into an agreement with APM Terminals Virginia, Inc. to lease facilities and equipment owned by APM Terminals North America, Inc. Virginia International Terminals, Inc. (a discrete component unit of the VPA), is designated to be the operator of said facility during the term of the lease and is a party to various agreements made part of the lease. Lease commitments extend to June 30, 2030. Lease payments include base rent, volume rent, and options rent. The minimum annual lease payments begin at $40,000,000 for the first non-transitional year. Payments increase both notionally and by an inflation escalator. The total estimated lease obligation is estimated to be $1.2 billion for the 20-year term. The Virginia Department of Planning and Budget has appropriated $33.6 million for the Virginia Port Authority resulting from this lease, to be available for the 2011 fiscal year.

On July 8, 2010, the Virginia Public School Authority (VPSA) issued its $72,655,000 School Tax Credit Bonds (Qualified School Construction Bonds) Series 2010-1. Qualified School Construction Bonds were established under the ARRA. The bonds were issued to purchase general obligation school bonds issued by participating localities to finance capital projects for public school purposes.

On July 28, 2010, the University of Virginia issued $190,000,000 par amount of Taxable General Revenue Pledge Bonds, Series 2010. The Series 2010 Bonds were issued to refund $19,701,500 of the University's outstanding commercial paper and fund new construction on the grounds of the University. The Series 2010 Bonds were issued as Build America Bonds (BABs) for purposes of the American Recovery and Reinvestment Act of 2009 with a coupon rate of 5.0 percent. The University will receive a 35.0 percent interest subsidy payment from the U.S. Treasury on the amount of each interest payment made on the Series 2010 Bonds, resulting in an effective yield to the University of 3.2 percent.

On August 26, 2010, the Virginia Housing Development Authority (VHDA) borrowed $33,000,000 from the Rental Housing Bonds, Series 2010D Non-AMT.

On August 31, 2010, the VHDA borrowed $40,000,000 from Bank of America, N.A., Revolving Credit Agreement.

On October 19, 2010, the VPSA issued its $85,510,000 School Financing Bonds (1997 Resolution) Refunding Series 2010C to refinance certain of its Series 2004A and 2004B bonds for debt service savings.

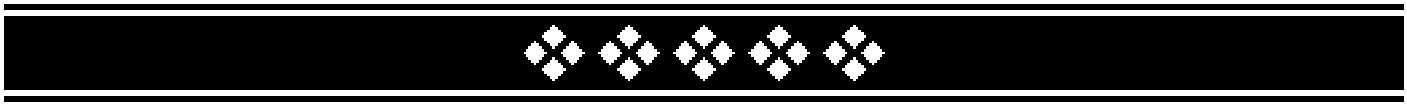
On October 26, 2010, the Virginia College Building Authority (VCBA) issued its Educational Facilities Revenue Bonds (21st Century College and Equipment Programs) $55,815,000 Series 2010B-1 and $290,600,000 Series 2010B-2 (Federally Taxable BABs). The proceeds of the bonds will be used to finance certain capital projects at public institutions of higher education.

On November 10, 2010, the (Virginia Public School Authority) VPSA issued its $9,975,000 of School Financing Bonds (1997 Resolution) Series 2010D to purchase certain general obligation local school bonds to finance capital projects for public schools.

On November 18, 2010, VCBA issued its $322,710,000 Educational Facilities Revenue and Refunding Bonds, Series 2010A-1, 2010A-2 and 2010B under the Public Higher Education Financing Program (the Program). The A-1 Bonds were sold in the amount of $65,060,000 and are tax-exempt. The A-2 Bonds are Taxable BABs sold in the amount of $156,610,000. The Authority will use the proceeds of the Series A-1 and A-2 Bonds to acquire Institutional Notes from participating public institutions of higher education. Each participating institution will use the proceeds of its Institutional Note to finance capital projects approved by the General Assembly. Series 2010B Refunding Bonds in the amount of $101,040,000 were sold to refinance certain outstanding maturities of the Authority's Series 2000A, 2001A, 2002A and 2003A Bonds for debt service savings.

The Virginia Biotechnology Research Partnership Authority (VBRPA) is in discussions to sell BioTech One and the BioTechnology Center buildings and land to the Virginia Commonwealth University (VCU) (major component unit). The VBRPA will net $4.5 million from the sale and VCU will assume the existing Banc of America note. VBRPA will lease back the BioTechnology Center for $1 per year. An anticipated closing date has been set for December 2010.

The VBRPA Board has given approval for the Authority to utilize proceeds from tax-exempt bonds or taxable-debt to build BioTech Ten. The Board also has given approval for VBRPA to advance its own funds to pay expenditures for the project and then receive reimbursement from the bonds or taxable debt or both.



Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds

Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	$ 10,034,100	$ 8,960,100	$ 9,088,252	$ 128,152
Sales and Use	3,382,200	3,247,500	3,291,958	44,458
Corporation Income	724,000	730,700	806,473	75,773
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	-	446,247	491,698	45,451
Deeds, Contracts, Wills, and Suits	298,100	299,000	290,189	(8,811)
Premiums of Insurance Companies	283,100	242,500	261,881	19,381
Alcoholic Beverage Sales	181,000	174,800	175,093	293
Tobacco Products	337,000	170,300	176,057	5,757
Estate	-	3,600	5,671	2,071
Public Service Corporations	93,900	94,600	97,263	2,663
Other Taxes	19,600	24,000	26,269	2,269
Rights and Privileges	75,335	74,700	68,460	(6,240)
Sales of Property and Commodities	1,700	8,300	824	(7,476)
Assessments and Receipts for Support of Special Services	400	400	373	(27)
Institutional Revenue	7,500	5,900	6,019	119
Interest, Dividends, and Rents	167,886	116,765	113,142	(3,623)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	214,800	204,200	194,151	(10,049)
Federal Grants and Contracts	-	-	-	-
Receipts from Cities, Counties, and Towns	10,100	10,200	9,761	(439)
Private Donations, Gifts and Contracts	1,700	1,753	137	(1,616)
Tobacco Master Settlement	61,348	57,186	49,182	(8,004)
Other	139,508	169,445	168,429	(1,016)
Total Revenues	16,033,277	15,042,196	15,321,282	279,086
Expenditures:				
Current:				
General Government	1,297,019	2,147,466	2,093,036	54,430
Education	7,861,895	7,042,173	7,007,842	34,331
Transportation	42	11,680	11,125	555
Resources and Economic Development	277,226	284,912	272,075	12,837
Individual and Family Services	4,239,678	4,065,874	4,004,995	60,879
Administration of Justice	2,433,258	2,151,618	2,120,477	31,141
Capital Outlay	18,774	19,477	13,477	6,000
Total Expenditures	16,127,892	15,723,200	15,523,027	200,173
Revenues Over (Under) Expenditures	(94,615)	(681,004)	(201,745)	479,259
Other Financing Sources (Uses):				
Transfers:				
Transfers In	600,995	740,009	752,251	12,242
Transfers Out	(497,682)	(503,274)	(503,106)	168
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	103,313	236,735	249,145	12,410
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	8,698	(444,269)	47,400	491,669
Fund Balance, July 1	823,475	823,475	823,475	-
Fund Balance, June 30	$ 832,173	$ 379,206	$ 870,875	$ 491,669

See notes on page 171 in this section.

Special Revenue Funds			
Commonwealth Transportation Fund			
Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
$ -	$ -	$ -	$ -
529,000	490,100	470,511	(19,589)
-	-	-	-
885,224	861,711	856,395	(5,316)
457,200	392,800	439,892	47,092
-	-	-	-
56,900	33,500	35,186	1,686
129,900	129,100	129,101	1
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
35,885	31,210	38,035	6,825
505,518	591,699	522,466	(69,233)
556	556	5,025	4,469
18,187	18,574	18,080	(494)
-	-	-	-
50,703	35,957	38,519	2,562
22,811	11,897	11,804	(93)
1,068,984	1,002,085	916,572	(85,513)
244,136	100,638	78,391	(22,247)
-	-	8,942	8,942
-	-	-	-
427	28,962	18,857	(10,105)
4,005,431	3,728,789	3,587,776	(141,013)
2,424	2,424	1,844	580
2,414	2,414	2,404	10
4,030,490	4,819,478	3,363,693	1,455,785
16,615	9,987	9,202	785
-	-	-	-
8,656	8,656	8,217	439
43,352	35,529	29,532	5,997
4,103,951	4,878,488	3,414,892	1,463,596
(98,520)	(1,149,699)	172,884	1,322,583
62,350	79,124	88,691	9,567
(284,290)	(342,902)	(313,201)	29,701
564,860	564,860	564,860	-
9,933	9,933	9,933	-
352,853	311,015	350,283	39,268
254,333	(838,684)	523,167	1,361,851
1,368,893	1,368,893	1,368,893	-
$ 1,623,226	$ 530,209	$ 1,892,060	$ 1,361,851

Continued on next page

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds *(Continued from previous page)*

Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	$ -	$ -	$ -	$ -
Sales and Use	-	-	-	-
Corporation Income	-	-	-	-
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	-	-	-	-
Deeds, Contracts, Wills, and Suits	-	-	-	-
Premiums of Insurance Companies	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Estate	-	-	-	-
Public Service Corporations	-	-	-	-
Other Taxes	-	-	-	-
Rights and Privileges	-	-	-	-
Sales of Property and Commodities	298	122	254	132
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	-	-	-	-
Interest, Dividends, and Rents	2,667	1,742	1,750	8
Fines, Forfeitures, Court Fees, Penalties, and Escheats	286	223	138	(85)
Federal Grants and Contracts	6,657,008	9,559,349	9,609,968	50,619
Receipts from Cities, Counties, and Towns	-	-	-	-
Private Donations, Gifts and Contracts	-	-	1	1
Tobacco Master Settlement	-	-	-	-
Other	27,259	25,398	74,969	49,571
Total Revenues	6,687,518	9,586,834	9,687,080	100,246
Expenditures:				
Current:				
General Government	116,809	148,185	128,984	19,201
Education	913,705	1,854,171	1,444,729	409,442
Transportation	34,017	25,108	15,241	9,867
Resources and Economic Development	173,054	318,934	198,925	120,009
Individual and Family Services	5,371,288	7,008,137	7,725,272	(717,135)
Administration of Justice	59,564	198,630	168,293	30,337
Capital Outlay	19,081	32,939	14,024	18,915
Total Expenditures	6,687,518	9,586,104	9,695,468	(109,364)
Revenues Over (Under) Expenditures	-	730	(8,388)	(9,118)
Other Financing Sources (Uses):				
Transfers:				
Transfers In	-	-	19,434	19,434
Transfers Out	-	(730)	(11,046)	(10,316)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	-	(730)	8,388	9,118
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	$ -	$ -	$ -	$ -

See notes on page 171 in this section.

Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds

1. BASIS OF BUDGETING VS. MODIFIED ACCRUAL BASIS FUND BALANCE (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2010, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison
Budgetary Basis to GAAP Basis

(Dollars in Thousands)

	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	$ 870,875	$ 1,892,060	$ -
Adjustments from Budget to Modified Accrual, Undesignated:			
Accrued Revenues:			
Taxes	357,168	97,874	-
Tax Refunds	(417,304)	-	-
Other Revenue/Other Sources	48,509	190,928	756,762
Deferred Taxes (2)	(566,899)	-	-
Medicaid Payable	(237,785)	-	(387,274)
Accrued Expenditures/Other Uses	(728,856)	(171,259)	(326,931)
Fund Balance, Modified Accrual Basis	$ (674,292)	$ 2,009,603	$ 42,557

1. As discussed in Note 1.E., the Literary Fund has no approved budget.
2. See also Note 1.Q.

2. APPROPRIATIONS

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and Major Special Revenue Funds, at June 30, 2010, except the Literary Fund which has no approved budget.

(Dollars in Thousands)	General Fund (10)	Commonwealth Transportation Fund	Federal Trust Fund (11)
Appropriations (1)	$ 16,127,892	$ 4,103,951	$ 6,687,518
Supplemental Appropriations:			
Reappropriations (2)	141,493	61,300	29,795
Subsequent Executive (3)	508,820	170,769	497,070
Subsequent Legislative (4)	(966,959)	615,246	2,313,375
Capital Outlay and Operating Reversions (5)	(11,337)	(56)	(885)
Deficit (6)	60,118	-	-
Transfers (7)	(126,060)	5,670	90,629
Capital Outlay Adjustment (8)	(10,767)	(42,380)	(31,398)
Debt Service Adjustment (9)	-	(36,012)	-
Appropriations, as adjusted	$ 15,723,200	$ 4,878,488	$ 9,586,104

1. Represents the budget appropriated through Chapter 781, 2009 Acts of Assembly, as amended by Chapter 872, 2010 Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay and operating balances.
6. Represents additional appropriations authorized subsequent to the 2009 General Assembly session to fund programs and services that were later determined to be ineligible for Federal ARRA State Fiscal Stabilization Funds.
7. Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately $1.4 billion (General Fund) and $0.4 million (Commonwealth Transportation Fund) for transfers to component units and fiduciary funds that have been reclassified as expenditures in accordance with GASB Statement No. 34.
8. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
9. The Special Revenue Commonwealth Transportation Fund appropriations have been adjusted for debt service.
10. Budgetary reductions totaling $104.0 million are excluded since they were not available for disbursement during the current fiscal year.
11. Appropriations do not include food stamp issuances of $1.2 billion since this is a noncash item; however, this amount is included in actual expenditures.

Funding Progress for Defined Benefit Pension Plans

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
			Virginia Retirement System (VRS) **			
* 2009	$ 53,185	$ 66,323	$ 13,138	80.2%	$ 14,948	87.9%
2008	52,548	62,554	10,006	84.0%	14,559	68.7%
2007	47,815	58,116	10,301	82.3%	13,834	74.5%
2006	42,669	52,822	10,153	80.8%	13,002	78.1%
* 2005	40,372	49,628	9,256	81.3%	12,212	75.8%
2004	39,691	43,958	4,267	90.3%	11,510	37.1%
2003	39,243	40,698	1,455	96.4%	10,885	13.4%
2002	38,957	38,265	(692)	101.8%	10,669	(6.5%)
2001	37,968	35,384	(2,584)	107.3%	10,145	(25.5%)
* 2000	34,392	32,643	(1,749)	105.4%	9,529	(18.4%)
			State Police Officers' Retirement System (SPORS)			
* 2009	$ 647	$ 879	$ 232	73.6%	$ 101	229.7%
2008	646	844	198	76.5%	103	192.2%
2007	595	806	211	73.8%	101	208.9%
2006	539	730	191	73.8%	94	203.2%
* 2005	514	673	159	76.4%	91	174.7%
2004	510	656	146	77.7%	82	178.0%
2003	509	616	107	82.6%	79	135.4%
2002	508	595	87	85.4%	81	107.4%
2001	495	557	62	88.9%	83	74.7%
* 2000	441	513	72	86.0%	81	88.9%
			Virginia Law Officers' Retirement System (VaLORS)			
* 2009	$ 913	$ 1,412	$ 499	64.7%	$ 359	139.0%
2008	873	1,281	408	68.1%	368	110.9%
2007	766	1,166	400	65.7%	341	117.3%
2006	656	1,096	440	59.9%	321	137.1%
* 2005	575	980	405	58.7%	307	131.9%
2004	509	927	418	54.9%	298	140.3%
2003	458	854	396	53.6%	292	135.6%
2002	418	806	388	51.9%	306	126.8%
2001	393	628	235	62.6%	320	73.4%
2000	307	680	373	45.1%	315	118.4%
			Judicial Retirement System (JRS)			
* 2009	$ 378	$ 521	$ 143	72.6%	$ 63	227.0%
2008	374	495	121	75.6%	61	198.4%
2007	340	442	102	76.9%	58	175.9%
2006	302	424	122	71.2%	54	225.9%
* 2005	288	402	114	71.6%	52	219.2%
2004	285	366	81	77.9%	48	168.8%
2003	282	348	66	81.0%	48	137.5%
2002	281	352	71	79.8%	48	147.9%
2001	277	342	65	81.0%	47	138.3%
* 2000	245	330	85	74.2%	45	188.9%

* Revised economic and demographic assumptions due to experience study.

** Change in benefit formula, unreduced early retirement age and actuarial amortization method.

See Notes on following page.

Valuation Date:	June 30, 2009
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	
State Employees	Level percent, open
Teachers	Level percent, open
Political Subdivision Employees	Level percent, open
State Police / VA Law Officers / Judges	Level percent, open
Payroll Growth Rate:	
State Employees	3.00%
Teachers	3.00%
Political Subdivision Employees	3.00%
State Police / VA Law Officers / Judges	3.00%
Remaining Amortization Period:	
State Employees	20 years
Teachers	20 years
Political Subdivision Employees	20 years
State Police / VA Law Officers / Judges	20 years
Asset Valuation Method:	5 year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return (1)	7.50%
Projected Salary Increases (1)	
State Employees	3.75% to 5.60%
Teachers	3.75% to 6.20%
Employees (Non-Hazardous Duty Employees)	3.75% to 5.60%
Political Subdivision Employees (Hazardous Duty Employees)	3.50% to 4.75%
State Police / VA Law Officers	3.50% to 4.75%
Judges	4.50%
Cost of Living Adjustments	2.50%

(1) Includes inflation at 2.50%.

Schedule of Employer Contributions – Defined Pension Plans

(Dollars in Thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Statutory Required Contribution	Percentage Contributed
		Virginia Retirement System (VRS)		
2010 *	$ 1,489,124	66.57%	$ 991,334	100.00%
2009 *	1,501,018	81.25%	1,219,645	100.00%
2008 *	1,378,993	92.58%	1,276,645	100.00%
2007 *	1,299,606	85.89%	1,116,217	100.00%
2006 *	864,245	89.51%	773,553	100.00%
2005 *	810,944	85.26%	691,415	100.00%
2004 *	469,200	91.66%	430,064	100.00%
2003 *	450,766	67.61%	304,784	100.00%
2002 *	459,613	79.68%	366,239	100.00%
2001 *	630,458	99.99%	630,370	100.00%
		State Police Officers' Retirement System (SPORS)		
2010 *	$ 23,791	66.05%	$ 15,714	100.00%
2009 *	24,241	83.23%	20,175	100.00%
2008 *	22,941	91.49%	20,989	100.00%
2007 *	19,402	84.31%	16,358	100.00%
2006 *	23,132	65.96%	15,258	100.00%
2005 *	21,946	65.96%	14,475	100.00%
2004 *	20,187	51.16%	10,328	100.00%
2003 *	19,866	44.20%	8,781	100.00%
2002 *	20,190	50.00%	10,095	100.00%
2001	20,420	100.00%	20,420	100.00%
		Virginia Law Officers' Retirement System (VaLORS)		
2010 *	$ 57,894	67.41%	$ 39,027	100.00%
2009 *	60,059	84.80%	50,932	100.00%
2008 *	61,325	91.20%	55,929	100.00%
2007 *	56,190	86.03%	48,338	100.00%
2006 *	77,414	67.96%	52,611	100.00%
2005 *	74,301	67.96%	50,495	100.00%
2004 *	72,752	55.80%	40,596	100.00%
2003 *	72,699	48.00%	34,895	100.00%
2002 *	77,417	32.30%	25,006	100.00%
2001	51,072	100.00%	51,072	100.00%
		Judicial Retirement System (JRS)		
2010 *	$ 23,638	72.20%	$ 17,065	100.00%
2009 *	23,148	90.72%	21,000	100.00%
2008 *	23,599	94.86%	22,386	100.00%
2007 *	22,557	91.02%	20,530	100.00%
2006 *	23,871	67.89%	16,206	100.00%
2005 *	22,490	67.89%	15,269	100.00%
2004 *	21,341	71.18%	15,190	100.00%
2003 *	21,110	64.44%	13,604	100.00%
2002 *	21,282	50.00%	10,641	100.00%
2001	20,822	100.00%	20,822	100.00%

* Contributions made by employers during the fiscal years ended June 30, 2001, through June 30, 2010, were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

Funding Progress for Other Postemployment Benefit Plans

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
		Group Life Insurance Fund				
2009	$ 967	$ 1,995	$ 1,028	48.5%	$ 16,728	6.1%
2008	975	1,772	797	55.0%	16,267	4.9%
2007	880	1,552	672	56.7%	14,822	4.5%
* 2006	751	1,436	685	52.3%	13,923	4.9%
		Retiree Health Insurance Credit Fund				
2009	$ 294	$ 1,976	$ 1,682	14.9%	$ 13,589	12.4%
2008	261	1,908	1,647	13.7%	12,986	12.7%
2007	198	1,814	1,616	10.9%	10,571	15.3%
* 2006	175	1,316	1,141	13.3%	9,965	11.5%
		Disability Insurance Trust Fund				
2009	$ 267	$ 268	$ 1	99.6%	$ 4,080	-
2008	286	363	77	78.8%	4,111	1.9%
2007	264	451	187	58.5%	3,909	4.8%
* 2006	192	423	231	45.4%	3,716	6.2%
		Line of Duty Death and Disability				
2009	$ -	$ 373	$ 373	-	N/A	-
2008	3	185	182	1.6%	N/A	-
2007	-	146	146	-	N/A	-
* 2006	-	99	99	-	N/A	-
		Pre-Medicare Retiree Healthcare				
2009	$ -	$ 1,218	$ 1,218	-	$ 3,170	38.4%
** 2007	-	982	982	-	2,931	33.5%

* 2006 was the first actuarial valuation prepared using the required parameters of GASB Statement No. 43.
**2007 was the first actuarial valuation prepared for the Pre-Medicare Retiree Healthcare Fund.

See Notes on following page.

Notes for Funding Progress for Other Postemployment Benefit Plans

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Line of Duty Death and Disability	Pre-Medicare Retiree Healthcare
Valuation Date	June 30, 2009	June 30, 2009	June 30, 2009	June 30, 2009	July 01, 2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Pay, Open	Level Percent of Pay, Open	Level Percent of Pay, Open	Level Percent, Open	Level dollar, Open
Payroll Growth Rate:					
State Employees	3.00%	3.00%	3.00%	N/A	3.00%
Teachers	3.00%	3.00%	N/A	N/A	N/A
Political Subdivision Employees	3.00%	3.00%	N/A	N/A	N/A
State Police / VA Law Officers / Judges	3.00%	3.00%	3.00%	3.00%	3.00%
Judges	3.00%	3.00%	N/A	N/A	N/A
Remaining Amortization Period	27 years	27 years	27 years	30 years	30 years
Asset Valuation Method	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value	Market Value	Market Value
Actuarial Assumptions:					
Investment Rate of Return (1)	7.50%	7.50%	7.50%	4.97%	4.30%
Projected Salary Increases (1)					
State Employees	3.75% to 5.60%	N/A	3.75% to 5.60%	N/A	3.75% to 5.60%
Teachers	3.75% to 6.20%	N/A	N/A	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty	3.75% to 5.60%	N/A	N/A	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.50% to 4.75%	N/A	N/A	N/A	N/A
State Police / VA Law Officers / Judges	3.50% to 4.75%	N/A	3.50% to 4.75%	3.50% to 4.75%	3.50% to 4.75%

(1) Includes inflation at 2.50%.

Schedule of Employer Contributions – Other Postemployment Benefit Plans

(Dollars in Thousands)

Year Ended June 30	Annual Required Contribution	Percentage Contributed	Statutory Required Contribution	Percentage Contributed
		Group Life Insurance Fund		
2010*	$ 145,228	65.54%	$ 95,185	100.00%
2009*	146,545	92.13%	135,019	100.00%
2008	158,740	100.00%	158,740	100.00%
		Retiree Health Insurance Credit Fund		
2010*	$ 148,956	66.70%	$ 99,356	100.00%
2009*	150,048	96.63%	144,989	100.00%
2008	147,524	100.00%	147,524	100.00%
		Disability Insurance Trust Fund		
2010*	$ 76,530	40.32%	$ 30,861	100.00%
2009*	78,120	91.33%	71,344	100.00%
2008*	97,975	80.00%	78,380	100.00%
		Line of Duty Death and Disability		
2010*	$ 16,901	53.75%	$ 9,084	100.00%
2009*	16,523	51.51%	8,511	100.00%
2008	9,786	102.45%	10,026	100.00%
		Pre-Medicare Retiree Healthcare		
2010*	$ 136,710	17.43%	$ -	-
2009*	131,925	23.34%	-	-
2008*	127,426	25.21%	-	-

* Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

Claims Development Information – Risk Management

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2001	2002	2003	2004
1. Required contribution and investment revenue:				
Earned	$ 5,814	$ 5,936	$ 5,740	$ 5,729
Ceded (a)	-	-	-	-
Net earned	5,814	5,936	5,740	5,729
2. Unallocated expenses	1,863	902	918	1,209
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	2,687	4,110	3,488	2,861
Ceded (a)	-	-	-	-
Net incurred	2,687	4,110	3,488	2,861
4. Net paid (cumulative) as of:				
End of policy year	336	550	380	161
One year later	1,628	1,979	1,894	1,072
Two years later	2,388	2,291	2,181	1,420
Three years later	2,490	2,556	2,375	1,539
Four years later	2,530	2,864	2,435	1,559
Five years later	2,616	2,900	2,454	1,569
Six years later	2,616	3,054	2,455	1,569
Seven years later	2,618	3,054	2,455	
Eight years later	2,618	3,054		
Nine years later	2,618			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	2,687	4,110	3,488	2,861
One year later	3,752	4,458	3,237	3,302
Two years later	3,318	4,196	2,910	2,306
Three years later	3,270	3,734	2,619	1,700
Four years later	3,186	3,299	2,447	1,697
Five years later	3,171	3,566	2,467	1,648
Six years later	3,171	3,240	2,457	1,642
Seven years later	3,168	3,191	2,458	
Eight years later	3,168	3,191		
Nine years later	3,168			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	481	(919)	(1,030)	(1,219)

The Commonwealth, through the Department of the Treasury, Division of Risk Management, provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units, which went into effect in fiscal year 1987.

See Notes on page 182 in this section.

2005	2006	2007	2008	2009	2010
$ 5,788	$ 6,166	$ 6,560	$ 6,759	$ 6,197	$ 5,485
-	-	-	-	-	-
5,788	6,166	6,560	6,759	6,197	5,485
1,068	1,008	1,047	1,307	1,272	1,269
2,790	1,539	2,060	3,330	3,681	3,282
-	-	-	-	-	-
2,790	1,539	2,060	3,330	3,681	3,282
227	177	106	493	300	350
1,699	745	1,051	1,697	1,858	
2,079	1,421	2,436	3,476		
2,332	2,087	2,631			
2,438	2,176				
2,451					
-	-	-	-	-	-
2,790	1,539	2,060	3,330	3,681	3,282
3,563	2,168	3,316	3,928	3,742	
3,418	2,494	3,224	5,420		
3,204	2,872	2,887			
2,783	2,820				
2,736					
(54)	1,281	827	2,090	61	-

Claims Development Information – Health Care

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2001	2002	2003	2004
1. Required contribution and investment revenue:				
Earned	$ 88,313	$ 100,836	$ 118,825	$ 137,582
Ceded (a)	-	-	-	-
Net earned	88,313	100,836	118,825	137,582
2. Unallocated expenses	7,203	6,225	6,171	6,271
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	87,222	95,860	104,453	124,887
Ceded (a)	-	-	-	-
Net incurred	87,222	95,860	104,453	124,887
4. Net paid (cumulative) as of:				
End of policy year	74,579	80,974	99,443	99,656
One year later	-	-	-	-
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	87,222	95,860	104,453	124,887
One year later	87,222	95,860	104,453	124,887
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	-	-	-

The Commonwealth, through its Department of Human Resource Management, provides health care insurance for local governmental units, which went into effect in fiscal year 1987.

See Notes on page 182 in this section.

2005	2006	2007	2008	2009	2010
$ 157,959	$ 184,360	$ 202,366	$ 211,034	$ 222,498	$ 240,305
-	-	-	-	-	-
157,959	184,360	202,366	211,034	222,498	240,305
10,655	11,899	13,782	16,215	16,400	15,936
144,976	152,289	163,787	185,117	214,411	215,376
-	-	-	-	-	-
144,976	152,289	163,787	185,117	214,411	215,376
140,452	147,534	159,769	181,566	204,655	214,371
-	-	-	-	-	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
-	-	-	-	-	-
144,976	152,289	163,787	185,117	214,411	215,376
144,976	152,289	163,787	185,117	214,411	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
-	-	-	-	-	-

Notes for Claims Development Information Tables

The tables on the previous four pages illustrate how the Risk Management and Health Care Claims Funds earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the funds as of the end of each of the past several years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.

2. This line shows each fiscal year's other operating costs of the funds, including overhead and claims expense not allocable to individual claims.

3. This line shows the funds' gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.

5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.

6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)

7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

Notes:

(a) During fiscal year 1997, the Commonwealth implemented GASB Statement No. 30, *Risk Financing Omnibus*. The Commonwealth has no reinsurers; therefore, the ceded amounts on lines 1, 3, and 5 are zero.

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for specific revenue sources that are restricted to finance particular functions and activities of the Commonwealth.

The Health and Social Services Special Revenue Fund accounts for revenues and expenditures related to local health care assistance.

The Water Quality Improvement Fund accounts for sums appropriated by the General Assembly and for other funds from any public or private source. Funds are used for water quality improvement grants to assist in pollution prevention and reduction.

The Other Special Revenue Fund accounts for revenues and expenditures related to business and agricultural activities, and miscellaneous activities throughout the Commonwealth.

Debt Service Funds:

The Debt Service Funds account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations recorded in the Governmental Activities column on the Government-wide Statement of Net Assets.

Primary Government accounts for the payment of principal and interest on bonds used to acquire, construct, or improve parks, highways, and correctional, mental health, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for the payment of principal and interest on bonds used to acquire, construct, and operate public buildings used by the Commonwealth and its political subdivisions.

Capital Project Funds

The Capital Project Funds are maintained to account for resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds.

Primary Government accounts for the financial resources acquired through the issuance of General Obligation Bonds and Energy Performance Contracts. The resources are used to acquire, construct, or improve land, public buildings, and parking facilities owned by the Commonwealth.

The Virginia Public Building Authority accounts for financial resources acquired through the issuance of section 9(d) bonds. These resources are used to acquire, construct, finance, refinance and operate public buildings used by the Commonwealth and any of its political subdivisions. Resources are also used to finance or refinance reimbursements to localities or governmental entities for the Commonwealth's share of the capital costs for certain authorized projects.

Permanent Funds

Permanent Funds are funds whose principal must remain intact.

Commonwealth Health Research Fund provides financial grants for human health research benefiting the Commonwealth's citizens. The entire fund balance is restricted for use as such as a condition of a legal settlement.

Prescription Monitoring Program provides funds to establish, maintain, and administer an electronic system to monitor the dispensing of controlled substances benefiting the Commonwealth's citizens. The entire fund balance is restricted for use as such as a condition of a legal settlement.

Behavioral Health Endowment Funds provide funds for the welfare of patients in mental health facilities. The entire fund balance is restricted for use as such.

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2010
(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Water Quality Improvement Fund	Other	Total
Assets				
Cash and Cash Equivalents	$ 117,647	$ 33,576	$ 464,210	$ 615,433
Investments	5,398	790	29,018	35,206
Receivables, Net	30,629	15	27,773	58,417
Due From Other Funds	-	-	9,101	9,101
Due From External Parties (Fiduciary Funds)	-	-	281	281
Interfund Receivable	-	-	110,202	110,202
Inventory	4,594	-	287	4,881
Prepaid Items	9,114	-	1,570	10,684
Other Assets	32	-	1,823	1,855
Loans Receivable from Component Units	-	-	16,401	16,401
Total Assets	$ 167,414	$ 34,381	$ 660,666	$ 862,461
Liabilities and Fund Balances				
Accounts Payable	$ 20,243	$ 556	$ 30,033	$ 50,832
Amounts Due to Other Governments	-	-	686	686
Due to Other Funds	2,582	-	2,306	4,888
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	3,612	-	3,242	6,854
Deferred Revenue	2,314	-	11,318	13,632
Unearned Revenue	2,475	-	8,577	11,052
Obligations Under Securities Lending Program	2,112	2,257	56,706	61,075
Other Liabilities	-	-	4,875	4,875
Long-term Liabilities Due Within One Year	336	-	75	411
Total Liabilities	33,674	2,813	117,818	154,305
Fund Balances Reserved for:				
Inventory	4,594	-	287	4,881
Prepaid Items	9,114	-	1,570	10,684
Debt Service	-	-	-	-
Gifts and Grants	15,765	-	22,843	38,608
Fund Balances Unreserved, Reported in:				
Special Revenue Funds	104,267	31,568	518,148	653,983
Capital Projects Funds	-	-	-	-
Permanent Funds	-	-	-	-
Total Fund Balances	133,740	31,568	542,848	708,156
Total Liabilities and Fund Balances	$ 167,414	$ 34,381	$ 660,666	$ 862,461

Debt Service Funds			Capital Project Funds		
Primary Government	Virginia Public Building Authority	Total	Primary Government	Virginia Public Building Authority	Total
$ 105,325	$ -	$ 105,325	$ 82,860	$ 142,612	$ 225,472
-	-	-	-	-	-
-	-	-	-	58	58
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 105,325	$ -	$ 105,325	$ 82,860	$ 142,670	$ 225,530
$ -	$ -	$ -	$ 1,517	$ 12,235	$ 13,752
-	-	-	-	-	-
-	-	-	-	1	1
-	-	-	6,041	-	6,041
-	-	-	2	1	3
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	7,560	12,237	19,797
-	-	-	-	-	-
-	-	-	-	-	-
105,325	-	105,325	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	75,300	130,433	205,733
-	-	-	-	-	-
105,325	-	105,325	75,300	130,433	205,733
$ 105,325	$ -	$ 105,325	$ 82,860	$ 142,670	$ 225,530

Continued on next page

Combining Balance Sheet – Nonmajor Governmental Funds *(Continued from previous page)*

June 30, 2010
(Dollars in Thousands)

	Permanent Funds			
	Commonwealth Health Research Board	Prescription Monitoring Fund	Behavioral Health Endowment Funds	Total
Assets				
Cash and Cash Equivalents	$ 145	$ 24,926	$ 256	$ 25,327
Investments	25,762	2,149	-	27,911
Receivables, Net	-	-	-	-
Due From Other Funds	-	-	-	-
Due From External Parties (Fiduciary Funds)	-	-	-	-
Interfund Receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid Items	-	-	-	-
Other Assets	-	-	-	-
Loans Receivable from Component Units	-	-	-	-
Total Assets	$ 25,907	$ 27,075	$ 256	$ 53,238
Liabilities and Fund Balances				
Accounts Payable	$ 4	$ 31	$ -	$ 35
Amounts Due to Other Governments	-	-	-	-
Due to Other Funds	-	1	-	1
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	-	5	-	5
Deferred Revenue	-	-	-	-
Unearned Revenue	-	-	-	-
Obligations Under Securities Lending Program	-	6,135	-	6,135
Other Liabilities	-	-	-	-
Long-term Liabilities Due Within One Year	-	-	-	-
Total Liabilities	4	6,172	-	6,176
Fund Balances Reserved for:				
Inventory	-	-	-	-
Prepaid Items	-	-	-	-
Debt Service	-	-	-	-
Gifts and Grants	-	-	-	-
Fund Balances Unreserved, Reported in:				
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Permanent Funds	25,903	20,903	256	47,062
Total Fund Balances	25,903	20,903	256	47,062
Total Liabilities and Fund Balances	$ 25,907	$ 27,075	$ 256	$ 53,238

Total Nonmajor Governmental Funds
$ 971,557
63,117
58,475
9,101
281
110,202
4,881
10,684
1,855
16,401
$ 1,246,554
$ 64,619
686
4,890
6,041
6,862
13,632
11,052
67,210
4,875
411
180,278
4,881
10,684
105,325
38,608
653,983
205,733
47,062
1,066,276
$ 1,246,554

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Water Quality Improvement Fund	Other	Total
Revenues				
Taxes	$ 10,180	$ -	$ 79,199	$ 89,379
Rights and Privileges	108,445	-	165,653	274,098
Institutional Revenue	308,072	-	89,158	397,230
Interest, Dividends, Rents, and Other Investment Income	640	437	14,327	15,404
Federal Grants and Contracts	7,281	-	-	7,281
Other	123,079	34	245,549	368,662
Total Revenues	557,697	471	593,886	1,152,054
Expenditures				
Current:				
General Government	141	-	92,917	93,058
Education	1,520	-	33,618	35,138
Transportation	-	-	5,292	5,292
Resources and Economic Development	36,161	94,568	275,806	406,535
Individual and Family Services	508,092	-	69,402	577,494
Administration of Justice	308	-	99,071	99,379
Capital Outlay	-	-	38,850	38,850
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	546,222	94,568	614,956	1,255,746
Revenues Over (Under) Expenditures	11,475	(94,097)	(21,070)	(103,692)
Other Financing Sources (Uses)				
Transfers In	23,702	15,200	75,324	114,226
Transfers Out	(43,133)	(17,154)	(92,102)	(152,389)
Notes Issued	103	-	58	161
Insurance Recoveries	74	-	3,197	3,271
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	(19,254)	(1,954)	(13,523)	(34,731)
Net Change in Fund Balances	(7,779)	(96,051)	(34,593)	(138,423)
Fund Balance, July 1	141,519	127,619	577,441	846,579
Fund Balance, June 30	$ 133,740	$ 31,568	$ 542,848	$ 708,156

Debt Service Funds			Capital Project Funds		
Primary Government	Virginia Public Building Authority	Total	Primary Government	Virginia Public Building Authority	Total
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
224	-	224	291	673	964
-	-	-	-	-	-
7,528	-	7,528	-	-	-
7,752	-	7,752	291	673	964
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	65,738	459,391	525,129
284,112	136,090	420,202	-	-	-
119,445	86,294	205,739	-	-	-
403,557	222,384	625,941	65,738	459,391	525,129
(395,805)	(222,384)	(618,189)	(65,447)	(458,718)	(524,165)
398,429	222,384	620,813	-	-	-
-	-	-	-	(1,644)	(1,644)
-	-	-	12,477	-	12,477
-	-	-	-	-	-
-	-	-	58,755	317,230	375,985
22,743	-	22,743	2,148	9,445	11,593
123,887	-	123,887	-	-	-
(146,385)	-	(146,385)	-	-	-
398,674	222,384	621,058	73,380	325,031	398,411
2,869	-	2,869	7,933	(133,687)	(125,754)
102,456	-	102,456	67,367	264,120	331,487
$ 105,325	$ -	$ 105,325	$ 75,300	$ 130,433	$ 205,733

Continued on next page

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Permanent Funds			
	Commonwealth Health Research Board	Prescription Monitoring Fund	Behavioral Health Endowment Funds	Total
Revenues				
Taxes	$ -	$ -	$ -	$ -
Rights and Privileges	-	-	-	-
Institutional Revenue	-	-	-	-
Interest, Dividends, Rents, and Other Investment Income	3,113	561	1	3,675
Federal Grants and Contracts	-	-	-	-
Other	-	-	-	-
Total Revenues	3,113	561	1	3,675
Expenditures				
Current:				
General Government	-	-	-	-
Education	-	-	-	-
Transportation	-	-	-	-
Resources and Economic Development	-	637	-	637
Individual and Family Services	890	-	6	896
Administration of Justice	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	890	637	6	1,533
Revenues Over (Under) Expenditures	2,223	(76)	(5)	2,142
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Notes Issued	-	-	-	-
Insurance Recoveries	-	-	-	-
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Refunding Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	2,223	(76)	(5)	2,142
Fund Balance, July 1	23,680	20,979	261	44,920
Fund Balance, June 30	$ 25,903	$ 20,903	$ 256	$ 47,062

Total Nonmajor Governmental Funds
$ 89,379
274,098
397,230
20,267
7,281
376,190
1,164,445
93,058
35,138
5,292
407,172
578,390
99,379
563,979
420,202
205,739
2,408,349
(1,243,904)
735,039
(154,033)
12,638
3,271
375,985
34,336
123,887
(146,385)
984,738
(259,166)
1,325,442
$ 1,066,276

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Health and Social Services			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Motor Fuel	$ -	$ -	$ -	$ -
Deeds, Contracts, Suits	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Public Service Corporations	16,863	14,456	10,180	(4,276)
Other Taxes	-	-	-	-
Rights and Privileges	113,379	109,531	108,405	(1,126)
Sales of Property and Commodities	19,640	19,855	17,295	(2,560)
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	361,999	319,725	314,559	(5,166)
Interest, Dividends, and Rents	275	241	402	161
Fines, Forfeitures, Court Fees, Penalties, and Escheats	81	212	1,080	868
Federal Grants and Contracts	-	-	7,281	7,281
Receipts from Cities, Counties, and Towns	64,823	60,476	58,852	(1,624)
Private Donations, Gifts and Contracts	3,942	4,781	5,194	413
Other	39,608	41,051	41,052	1
Total Revenues	620,610	570,328	564,300	(6,028)
Expenditures:				
Current:				
General Government	161	168	138	30
Education	1,115	1,831	1,527	304
Transportation	-	-	-	-
Resources and Economic Development	32,788	42,057	35,511	6,546
Individual and Family Services	551,014	559,536	510,928	48,608
Administration of Justice	308	308	308	-
Capital Outlay	25	25	-	25
Total Expenditures	585,411	603,925	548,412	55,513
Revenues Over (Under) Expenditures	35,199	(33,597)	15,888	49,485
Other Financing Sources (Uses):				
Transfers:				
Transfers In	14,066	18,183	23,702	5,519
Transfers Out	(6,948)	(25,570)	(43,133)	(17,563)
Total Other Financing Sources (Uses)	7,118	(7,387)	(19,431)	(12,044)
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	42,317	(40,984)	(3,543)	37,441
Fund Balance, July 1	124,291	124,291	124,291	-
Fund Balance, June 30	$ 166,608	$ 83,307	$ 120,748	$ 37,441

See Notes on page 196 in this section.

Water Quality Improvement Fund				Other			
Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
$ -	$ -	$ -	$ -	$ 33,961	$ 33,447	$ 32,904	$ (543)
-	1,600	-	(1,600)	-	-	564	564
-	-	-	-	880	890	888	(2)
-	-	-	-	83	83	84	1
-	-	-	-	6,010	8,700	9,071	371
-	-	-	-	36,521	36,277	35,395	(882)
-	-	-	-	189,390	193,641	165,133	(28,508)
-	-	-	-	14,749	12,904	13,183	279
-	-	-	-	94,775	93,414	97,953	4,539
-	-	-	-	85,620	85,527	86,553	1,026
678	131	420	289	14,009	11,372	14,016	2,644
-	-	-	-	53,947	55,076	55,146	70
-	-	-	-	-	-	-	-
-	-	-	-	8,369	6,776	6,685	(91)
-	25	19	(6)	2,193	3,018	5,897	2,879
-	10	-	(10)	69,450	77,790	68,237	(9,553)
678	1,766	439	(1,327)	609,957	618,915	591,709	(27,206)
-	-	-	-	80,999	105,473	92,686	12,787
-	-	-	-	37,888	44,158	33,588	10,570
-	-	-	-	6,140	6,160	5,154	1,006
107,522	118,218	96,155	22,063	319,836	350,620	272,590	78,030
-	-	-	-	76,765	87,043	68,984	18,059
-	-	-	-	103,959	130,557	98,592	31,965
-	-	-	-	56,021	89,349	40,814	48,535
107,522	118,218	96,155	22,063	681,608	813,360	612,408	200,952
(106,844)	(116,452)	(95,716)	20,736	(71,651)	(194,445)	(20,699)	173,746
15,200	15,200	15,200	-	31,329	33,155	62,333	29,178
(5,497)	(16,867)	(17,154)	(287)	(16,913)	(83,583)	(92,102)	(8,519)
9,703	(1,667)	(1,954)	(287)	14,416	(50,428)	(29,769)	20,659
(97,141)	(118,119)	(97,670)	20,449	(57,235)	(244,873)	(50,468)	194,405
129,779	129,779	129,779	-	594,804	594,804	594,804	-
$ 32,638	$ 11,660	$ 32,109	$ 20,449	$ 537,569	$ 349,931	$ 544,336	$ 194,405

1. BASIS OF BUDGETING VS. MODIFIED ACCRUAL BASIS FUND BALANCE

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2010, to the fund balance on a modified accrual basis follows.

(Dollars in Thousands)	Health and Social Services	Water Quality Improvement Fund	Other
Fund Balance, Basis of Budgeting	$ 120,748	$ 32,109	$ 544,336
Adjustments from Budget to Modified Accrual, Undesignated:			
Accrued Revenues:			
Taxes	-	-	6,504
Other Revenue	25,943	-	13,551
Accrued Expenditures / Transfers	(12,931)	(541)	(18,709)
Fund Reclassification - Budget to Modified Accrual	(20)	-	(2,834)
Fund Balance, Modified Accrual Basis	$ 133,740	$ 31,568	$ 542,848

2. APPROPRIATIONS

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the Nonmajor Special Revenue Funds, at June 30, 2010.

.

(Dollars in Thousands)	Health and Social Services	Water Quality Improvement Fund	Other
Appropriations (1)	$ 585,411	$ 107,522	$ 681,608
Supplemental Appropriations:			
Reappropriations (2)	20,025	-	127,192
Subsequent Executive (3)	4,796	14,391	72,272
Subsequent Legislative (4)	6,226	-	104,049
Capital Outlay Reversions (5)	-	-	2,819
Transfers (6)	7,492	(3,695)	(69,279)
Capital Outlay Adjustment (7)	(20,025)	-	(105,301)
Appropriations, as adjusted	$ 603,925	$ 118,218	$ 813,360

1. Represents the budget appropriated through Chapter 781, 2009 Acts of Assembly, as amended by Chapter 872, 2010, Acts of Assembly.
2. Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
3. Actions taken by the Governor to appropriate any additional revenues collected so that they can be legally spent.
4. Actions taken by the Governor and the General Assembly to adjust the budget.
5. Represents reversions of unexpended capital outlay balances.
6. Represents transfers required by the Appropriation Act.
7. Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.

Nonmajor Enterprise Funds

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Department of Alcoholic Beverage Control operates facilities for the distribution and sale of distilled spirits and wine.

Risk Management accounts for pooled resources received and used by the Department of the Treasury for financing local government insurance programs. This includes Local Entities Bond Insurance, Public Officials Insurance and Law Enforcement Insurance.

Local Choice Health Care administers a health care plan for the employees of participating local governments.

Virginia Industries for the Blind manufactures products for sale to governments, certain private organizations, and the general public.

Consolidated Laboratory provides water testing services and a newborn screening program.

eVA Procurement System accounts for the statewide electronic procurement system.

Department of Environmental Quality accounts for the Title V program that offers services to the general public.

Wireless E-911 Service Board assists in the establishment of wireless E-911 service in Virginia localities.

Virginia Museum of Fine Arts accounts for gift shop and food service activities.

Science Museum of Virginia accounts for gift shop activities.

Behavioral Health Local Funds account for the canteen store and work activity programs.

Library of Virginia accounts for book shop activities. The book shop operations transferred to the Library of Virginia Foundation (nonmajor component unit) during the fiscal year.

Combining Statement of Net Assets – Nonmajor Enterprise Funds

June 30, 2010
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 2,507	$ 34,731	$ 109,165
Investments	211	2,994	9,410
Receivables, Net	3,794	-	21,716
Due From Other Funds	-	-	-
Inventory	46,091	-	-
Prepaid Items	1,667	27	-
Other Assets	160	-	-
Total Current Assets	54,430	37,752	140,291
Noncurrent Assets:			
Investments	-	-	-
Nondepreciable Capital Assets	7,147	-	-
Depreciable Capital Assets, Net	5,231	-	-
Total Noncurrent Assets	12,378	-	-
Total Assets	66,808	37,752	140,291
Liabilities			
Current Liabilities:			
Accounts Payable	18,431	74	4,816
Amounts Due to Other Governments	-	-	-
Due to Other Funds	6,161	6	-
Due to External Parties (Fiduciary Funds)	737	22	-
Interfund Payable	32,781	-	-
Unearned Revenue	161	529	-
Obligations Under Securities Lending Program	602	8,548	26,869
Other Liabilities	-	-	-
Claims Payable Due Within One Year	-	4,939	22,874
Long-term Liabilities Due Within One Year	2,797	19	-
Total Current Liabilities	61,670	14,137	54,559
Noncurrent Liabilities:			
Claims Payable Due in More Than One Year	-	10,350	-
Long-term Liabilities Due in More Than One Year	21,747	240	-
Total Noncurrent Liabilities	21,747	10,590	-
Total Liabilities	83,417	24,727	54,559
Net Assets			
Invested in Capital Assets, Net of Related Debt	12,191	-	-
Unrestricted	(28,800)	13,025	85,732
Total Net Assets (Deficit)	$ (16,609)	$ 13,025	$ 85,732

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia
$ 9,272	$ 4,661	$ 21,923	$ 5,613	$ 11,298	$ 647	$ 102
-	-	-	-	-	-	-
936	214	4,378	2	4,713	241	-
-	-	6	-	-	-	-
3,716	27	-	-	-	571	77
-	-	-	-	-	2	-
1	-	-	-	-	7	-
13,925	4,902	26,307	5,615	16,011	1,468	179
-	-	-	-	-	-	-
2,120	116	-	-	-	-	-
5,984	1,297	245	-	-	-	-
8,104	1,413	245	-	-	-	-
22,029	6,315	26,552	5,615	16,011	1,468	179
1,256	177	1,361	334	1,130	138	-
-	-	-	-	14,864	-	-
74	169	289	643	4	-	6
10	34	35	97	15	-	-
-	-	-	-	-	-	-
-	1,769	-	-	-	-	1
-	-	-	-	-	-	-
-	-	-	-	-	149	-
-	-	-	-	-	-	-
202	142	134	515	26	10	-
1,542	2,291	1,819	1,589	16,039	297	7
-	-	-	-	-	-	-
1,033	790	769	2,475	407	198	56
1,033	790	769	2,475	407	198	56
2,575	3,081	2,588	4,064	16,446	495	63
8,104	1,413	245	-	-	-	-
11,350	1,821	23,719	1,551	(435)	973	116
$ 19,454	$ 3,234	$ 23,964	$ 1,551	$ (435)	$ 973	$ 116

Continued on next page

Combining Statement of Net Assets – Nonmajor Enterprise Funds *(Continued from previous page)*

June 30, 2010
(Dollars in Thousands)

	Behavioral Health Local Funds	Library of Virginia	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 453	$ -	$ 200,372
Investments	-	-	12,615
Receivables, Net	-	-	35,994
Due From Other Funds	-	-	6
Inventory	-	-	50,482
Prepaid Items	-	-	1,696
Other Assets	-	-	168
Total Current Assets	453	-	301,333
Noncurrent Assets:			
Investments	1	-	1
Nondepreciable Capital Assets	-	-	9,383
Depreciable Capital Assets, Net	-	-	12,757
Total Noncurrent Assets	1	-	22,141
Total Assets	454	-	323,474
Liabilities			
Current Liabilities:			
Accounts Payable	-	-	27,717
Amounts Due to Other Governments	-	-	14,864
Due to Other Funds	-	-	7,352
Due to External Parties (Fiduciary Funds)	-	-	950
Interfund Payable	-	-	32,781
Unearned Revenue	-	-	2,460
Obligations Under Securities Lending Program	-	-	36,019
Other Liabilities	179	-	328
Claims Payable Due Within One Year	-	-	27,813
Long-term Liabilities Due Within One Year	-	-	3,845
Total Current Liabilities	179	-	154,129
Noncurrent Liabilities:			
Claims Payable Due in More Than One Year	-	-	10,350
Long-term Liabilities Due in More Than One Year	-	-	27,715
Total Noncurrent Liabilities	-	-	38,065
Total Liabilities	179	-	192,194
Net Assets			
Invested in Capital Assets, Net of Related Debt	-	-	21,953
Unrestricted	275	-	109,327
Total Net Assets (Deficit)	$ 275	$ -	$ 131,280

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Operating Revenues			
Charges for Sales and Services	$ 566,562	$ 5,260	$ 240,305
Other	18,091	-	-
Total Operating Revenues	584,653	5,260	240,305
Operating Expenses			
Cost of Sales and Services	331,900	-	-
Prizes and Claims	-	5,740	215,376
Personal Services	83,189	740	-
Contractual Services	21,773	592	15,936
Supplies and Materials	2,343	2	-
Depreciation	2,948	-	-
Rent, Insurance, and Other Related Charges	23,840	37	-
Non-recurring Cost Estimate Payments to Providers	-	-	-
Other	2,388	3	-
Total Operating Expenses	468,381	7,114	231,312
Operating Income (Loss)	116,272	(1,854)	8,993
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	209	234	660
Other	9,901	(9)	(26)
Total Nonoperating Revenues (Expenses)	10,110	225	634
Income (Loss) Before Transfers	126,382	(1,629)	9,627
Transfers In	18	-	-
Transfers Out	(130,444)	(2)	-
Change in Net Assets	(4,044)	(1,631)	9,627
Total Net Assets (Deficit), July 1	(12,565)	14,656	76,105
Total Net Assets (Deficit), June 30	$ (16,609)	$ 13,025	$ 85,732

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia
$ 29,443	$ 7,007	$ 17,144	$ 9,521	$ 52,970	$ 1,675	$ 454
3	-	-	-	-	11	-
29,446	7,007	17,144	9,521	52,970	1,686	454
-	-	-	-	-	618	208
-	-	-	-	-	-	-
5,605	2,708	3,057	8,955	1,243	690	166
922	534	14,129	636	460	42	3
19,665	1,849	1	81	6	37	6
220	242	46	-	-	-	-
1,053	656	1,215	459	4	-	-
-	-	-	-	46,020	-	-
140	20	28	37	11	-	20
27,605	6,009	18,476	10,168	47,744	1,387	403
1,841	998	(1,332)	(647)	5,226	299	51
-	-	-	-	-	1	-
-	-	-	-	46	-	(90)
-	-	-	-	46	1	(90)
1,841	998	(1,332)	(647)	5,272	300	(39)
1,635	-	-	-	-	411	-
(1)	(1,458)	(18)	(157)	(13,450)	(126)	-
3,475	(460)	(1,350)	(804)	(8,178)	585	(39)
15,979	3,694	25,314	2,355	7,743	388	155
$ 19,454	$ 3,234	$ 23,964	$ 1,551	$ (435)	$ 973	$ 116

Continued on next page

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Behavioral Health Local Funds	Library of Virginia	Total
Operating Revenues			
Charges for Sales and Services	$ 455	$ 69	$ 930,865
Other	-	-	18,105
Total Operating Revenues	455	69	948,970
Operating Expenses			
Cost of Sales and Services	481	173	333,380
Prizes and Claims	-	-	221,116
Personal Services	-	-	106,353
Contractual Services	-	1	55,028
Supplies and Materials	-	-	23,990
Depreciation	-	-	3,456
Rent, Insurance, and Other Related Charges	-	-	27,264
Non-recurring Cost Estimate Payments to Providers	-	-	46,020
Other	-	-	2,647
Total Operating Expenses	481	174	819,254
Operating Income (Loss)	(26)	(105)	129,716
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	1,104
Other	-	-	9,822
Total Nonoperating Revenues (Expenses)	-	-	10,926
Income (Loss) Before Transfers	(26)	(105)	140,642
Transfers In	-	384	2,448
Transfers Out	(3)	-	(145,659)
Change in Net Assets	(29)	279	(2,569)
Total Net Assets (Deficit), July 1	304	(279)	133,849
Total Net Assets (Deficit), June 30	$ 275	$ -	$ 131,280

Combining Statement of Cash Flows – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	$ 578,191	$ 5,096	$ 237,956
Internal Activity-Receipts from Other Funds	-	-	-
Internal Activity-Payments to Other Funds	-	-	-
Payments to Suppliers for Goods and Services	(358,408)	-	-
Payments for Contractual Services	(21,773)	(452)	(15,972)
Payments for Prizes, Claims, and Loss Control	-	(4,172)	(222,006)
Payments to Employees	(80,152)	(790)	-
Payments to Providers for Non-recurring Cost Estimates	-	-	-
Other Operating Revenue	6,250	-	81
Other Operating Expense	-	-	-
Net Cash Provided by (Used for) Operating Activities	124,108	(318)	59
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	18	-	-
Transfers Out to Other Funds	(290,622)	(2)	-
Other Noncapital Financing Receipt Activities	201,733	-	-
Other Noncapital Financing Disbursement Activities	(28,110)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(116,981)	(2)	-
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(6,318)	-	-
Payment of Principal and Interest on Bonds and Notes	(797)	-	-
Proceeds from Sale of Capital Assets	21	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(7,094)	-	-
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	13	225	633
Net Cash Provided by (Used for) Investing Activities	13	225	633
Net Increase (Decrease) in Cash and Cash Equivalents	46	(95)	692
Cash and Cash Equivalents, July 1	2,230	29,271	91,014
Cash and Cash Equivalents, June 30	$ 2,276	$ 29,176	$ 91,706
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	$ 2,507	$ 34,731	$ 109,165
Cash and Travel Advances	160	-	-
Less:			
Securities Lending Cash Equivalents	(391)	(5,555)	(17,459)
Cash and Cash Equivalents per the Statement of Cash Flows	$ 2,276	$ 29,176	$ 91,706

Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia
$ 25,194	$ 7,689	$ 12,827	$ 9,519	$ 53,118	$ 1,482	$ 453
4,356	35	6,996	-	-	-	-
-	(667)	(1,213)	-	(916)	-	-
(21,326)	(1,745)	(1)	(666)	(18)	(817)	(207)
(882)	(464)	(14,263)	(731)	(171)	(9)	-
-	-	-	-	-	-	-
(4,946)	(2,452)	(2,543)	(7,979)	(1,145)	(686)	(162)
-	-	-	-	(41,761)	-	-
3	-	-	-	45	-	-
(140)	(2)	(14)	-	-	-	(26)
2,259	2,394	1,789	143	9,152	(30)	58
1,635	-	-	-	-	410	-
(1)	(1,458)	(18)	(157)	(13,450)	(126)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(90)
1,634	(1,458)	(18)	(157)	(13,450)	284	(90)
(2,335)	(1,421)	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(2,335)	(1,421)	-	-	-	-	-
-	-	-	-	-	1	-
-	-	-	-	-	1	-
1,558	(485)	1,771	(14)	(4,298)	255	(32)
7,715	5,146	20,152	5,627	15,596	399	134
$ 9,273	$ 4,661	$ 21,923	$ 5,613	$ 11,298	$ 654	$ 102
$ 9,272	$ 4,661	$ 21,923	$ 5,613	$ 11,298	$ 647	$ 102
1	-	-	-	-	7	-
-	-	-	-	-	-	-
$ 9,273	$ 4,661	$ 21,923	$ 5,613	$ 11,298	$ 654	$ 102

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Behavioral Health Local Funds	Library of Virginia	Total
Cash Flows from Operating Activities			
Receipts for Sales and Services	$ 455	$ 72	$ 932,052
Internal Activity-Receipts from Other Funds	-	-	11,387
Internal Activity-Payments to Other Funds	-	-	(2,796)
Payments to Suppliers for Goods and Services	(481)	(9)	(383,678)
Payments for Contractual Services	-	(3)	(54,720)
Payments for Prizes, Claims, and Loss Control	-	-	(226,178)
Payments to Employees	-	(19)	(100,874)
Payments to Providers for Non-recurring Cost Estimates	-	-	(41,761)
Other Operating Revenue	-	1	6,380
Other Operating Expense	-	-	(182)
Net Cash Provided by (Used for) Operating Activities	(26)	42	139,630
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	-	-	2,063
Transfers Out to Other Funds	(3)	(42)	(305,879)
Other Noncapital Financing Receipt Activities	-	-	201,733
Other Noncapital Financing Disbursement Activities	-	-	(28,200)
Net Cash Provided by (Used for) Noncapital Financing Activities	(3)	(42)	(130,283)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	-	-	(10,074)
Payment of Principal and Interest on Bonds and Notes	-	-	(797)
Proceeds from Sale of Capital Assets	-	-	21
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	-	(10,850)
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	872
Net Cash Provided by (Used for) Investing Activities	-	-	872
Net Increase (Decrease) in Cash and Cash Equivalents	(29)	-	(631)
Cash and Cash Equivalents, July 1	482	-	177,766
Cash and Cash Equivalents, June 30	$ 453	$ -	$ 177,135
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	$ 453	$ -	$ 200,372
Cash and Travel Advances	-	-	168
Less:			
Securities Lending Cash Equivalents	-	-	(23,405)
Cash and Cash Equivalents per the Statement of Cash Flows	$ 453	$ -	$ 177,135

	Department of Alcoholic Beverage Control	Risk Management	Local Choice Health Care
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	$ 116,272	$ (1,854)	$ 8,993
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	2,948	-	-
Miscellaneous Nonoperating Income	-	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(101)	38	(3,034)
(Increase) Decrease in Due From Other Funds	-	-	-
(Increase) Decrease in Inventory	(177)	-	-
(Increase) Decrease in Prepaid Items	236	43	-
Increase (Decrease) in Accounts Payable	(101)	(60)	(5,167)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	341	6	-
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	737	22	-
Increase (Decrease) in Interfund Payables	59	-	-
Increase (Decrease) in Unearned Revenue	(110)	(202)	-
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	394	(733)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	1,235	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	71	(1)	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	3,933	61	-
Net Cash Provided by (Used for) Operating Activities	$ 124,108	$ (318)	$ 59

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	$ 1,841	$ 998	$ (1,332)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	220	242	46
Miscellaneous Nonoperating Income	-	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	107	(22)	1,442
(Increase) Decrease in Due From Other Funds	-	95	1,297
(Increase) Decrease in Inventory	(115)	7	-
(Increase) Decrease in Prepaid Items	47	-	-
Increase (Decrease) in Accounts Payable	(326)	(85)	(246)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	64	95	150
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	10	34	35
Increase (Decrease) in Interfund Payables	-	-	-
Increase (Decrease) in Unearned Revenue	-	713	(32)
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	16	25	59
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	395	292	370
Net Cash Provided by (Used for) Operating Activities	$ 2,259	$ 2,394	$ 1,789

Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia	Behavioral Health Local Funds	Library of Virginia	Total
$ (647)	$ 5,226	$ 299	$ 51	$ (26)	$ (105)	$ 129,716
-	-	-	-	-	-	3,456
-	45	-	-	-	-	45
(2)	148	(204)	-	-	4	(1,624)
-	-	-	-	-	-	1,392
-	-	(344)	1	-	177	(451)
-	-	11	-	-	-	337
(98)	(449)	117	(6)	-	(8)	(6,429)
-	4,754	-	-	-	-	4,754
260	(687)	-	5	-	-	234
97	15	-	-	-	-	950
-	-	-	-	-	-	59
-	-	-	-	-	-	369
-	-	81	-	-	-	81
-	-	-	-	-	-	(339)
-	-	-	-	-	-	1,235
9	(1)	-	-	-	(3)	175
524	101	10	7	-	(23)	5,670
$ 143	$ 9,152	$ (30)	$ 58	$ (26)	$ 42	$ 139,630

Internal Service Funds

Internal Service Funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Virginia Information Technologies Agency accounts for the installation and maintenance of the state government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

Virginia Correctional Enterprises accounts for the manufacturing activities of the state's correctional facilities.

Health Care accounts for the health insurance programs provided to state employees and for retirees who are not yet eligible to participate in Medicare.

Fleet Management accounts for the Commonwealth's motor vehicle pool.

Property Management accounts for real estate services, non-routine facility maintenance, and the disposal of state-owned property.

Risk Management accounts for the insurance programs provided to state agencies and institutions.

General Services accounts for a variety of services, including the purchase of supplies, the sale of surplus property, water testing, graphic design and engineering.

Payroll Service Bureau accounts for the payroll and leave accounting services provided to state agencies and institutions.

Combining Statement of Net Assets – Internal Service Funds

June 30, 2010
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 33,908	$ 6,706	$ 258,534
Investments	-	-	22,339
Receivables, Net	2,904	4,670	9,893
Due From Other Funds	13,692	1,394	19,981
Due From External Parties (Fiduciary Funds)	-	-	121
Due From Component Units	-	-	11,802
Inventory	-	10,961	-
Prepaid Items	-	-	-
Other Assets	7,678	3	-
Total Current Assets	58,182	23,734	322,670
Noncurrent Assets:			
Nondepreciable Capital Assets	-	278	-
Depreciable Capital Assets, Net	3,098	8,279	-
Total Noncurrent Assets	3,098	8,557	-
Total Assets	61,280	32,291	322,670
Liabilities			
Current Liabilities:			
Accounts Payable	34,632	1,460	19,415
Amounts Due to Other Governments	-	-	-
Due to Other Funds	110	121	-
Due to External Parties (Fiduciary Funds)	322	139	-
Interfund Payable	30,000	-	-
Unearned Revenue	20,294	711	-
Obligations Under Securities Lending Program	-	-	63,788
Other Liabilities	-	1	-
Claims Payable Due Within One Year	-	-	94,376
Long-term Liabilities Due within One Year	767	47	-
Total Current Liabilities	86,125	2,479	177,579
Noncurrent Liabilities:			
Interfund Payable	-	-	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	10,246	4,035	-
Total Noncurrent Liabilities	10,246	4,035	-
Total Liabilities	96,371	6,514	177,579
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,098	8,557	-
Unrestricted	(38,189)	17,220	145,091
Total Net Assets (Deficit)	$ (35,091)	$ 25,777	$ 145,091

Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
$ 3,870	$ 18,715	$ 162,802	$ 6,499	$ 246	$ 491,280
-	-	13,881	-	-	36,220
211	449	364	1,244	-	19,735
501	1,908	-	632	1	38,109
-	-	-	-	-	121
-	-	-	-	-	11,802
40	315	-	3,998	-	15,314
-	5	40	-	105	150
-	-	100	1	-	7,782
4,622	21,392	177,187	12,374	352	620,513
-	-	-	150	-	428
20,389	14,107	-	7,949	-	53,822
20,389	14,107	-	8,099	-	54,250
25,011	35,499	177,187	20,473	352	674,763
447	1,830	1,531	824	65	60,204
-	717	-	-	-	717
97	838	2	294	6	1,468
12	142	6	82	18	721
-	220	-	1,264	-	31,484
326	13,759	47,707	16	-	82,813
-	-	39,638	-	-	103,426
-	298	757	52	-	1,108
-	-	65,046	-	-	159,422
1,195	3,653	28	358	96	6,144
2,077	21,457	154,715	2,890	185	447,507
-	4,614	-	4,426	-	9,040
-	-	379,421	-	-	379,421
1,284	20,565	473	1,987	466	39,056
1,284	25,179	379,894	6,413	466	427,517
3,361	46,636	534,609	9,303	651	875,024
18,289	(5,922)	-	8,099	-	32,121
3,361	(5,215)	(357,422)	3,071	(299)	(232,382)
$ 21,650	$ (11,137)	$ (357,422)	$ 11,170	$ (299)	$ (200,261)

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Operating Revenues			
Charges for Sales and Services	$ 253,323	$ 48,193	$ 939,319
Total Operating Revenues	253,323	48,193	939,319
Operating Expenses			
Cost of Sales and Services	-	37,047	-
Prizes and Claims	-	-	895,979
Personal Services	28,433	5,212	-
Contractual Services	252,961	2,721	61,813
Supplies and Materials	146	432	-
Depreciation	3,212	1,125	-
Rent, Insurance, and Other Related Charges	3,231	1,145	-
Interest Expense	-	-	-
Other	2,809	436	-
Total Operating Expenses	290,792	48,118	957,792
Operating Income (Loss)	(37,469)	75	(18,473)
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	1,965
Other	(18)	20	(76)
Total Nonoperating Revenues (Expenses)	(18)	20	1,889
Income (Loss) Before Transfers	(37,487)	95	(16,584)
Transfers In	-	-	-
Transfers Out	(149)	(2,575)	(2,100)
Change in Net Assets	(37,636)	(2,480)	(18,684)
Total Net Assets (Deficit), July 1	2,545	28,257	163,775
Total Net Assets (Deficit), June 30	$ (35,091)	$ 25,777	$ 145,091

Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
$ 11,833	$ 100,157	$ 92,743	$ 40,211	$ 1,758	$ 1,487,537
11,833	100,157	92,743	40,211	1,758	1,487,537
-	-	-	26,943	-	63,990
-	-	103,430	-	-	999,409
988	11,723	1,570	6,254	2,002	56,182
3,105	12,057	9,355	3,546	3	345,561
3,580	3,798	3	788	43	8,790
4,911	2,635	-	779	-	12,662
645	59,363	1,860	1,707	-	67,951
-	55	-	119	-	174
253	6,196	6,552	118	-	16,364
13,482	95,827	122,770	40,254	2,048	1,571,083
(1,649)	4,330	(30,027)	(43)	(290)	(83,546)
-	-	1,093	157	-	3,215
(457)	(3,164)	(42)	(3)	-	(3,740)
(457)	(3,164)	1,051	154	-	(525)
(2,106)	1,166	(28,976)	111	(290)	(84,071)
-	-	-	330	-	330
(152)	(164)	-	(15)	(9)	(5,164)
(2,258)	1,002	(28,976)	426	(299)	(88,905)
23,908	(12,139)	(328,446)	10,744	-	(111,356)
$ 21,650	$ (11,137)	$ (357,422)	$ 11,170	$ (299)	$ (200,261)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	$ 13,977	$ 23,663	$ 940,862
Internal Activity-Receipts from Other Funds	247,212	24,733	-
Internal Activity-Payments to Other Funds	(695)	(1,727)	-
Payments to Suppliers for Goods and Services	(5,326)	(35,437)	-
Payments for Contractual Services	(251,082)	(2,643)	(62,555)
Payments for Prizes, Claims, and Loss Control	-	-	(929,221)
Payments to Employees	(27,833)	(4,360)	-
Other Operating Expense	-	(353)	-
Net Cash Provided by (Used for) Operating Activities	(23,747)	3,876	(50,914)
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	-	-	-
Transfers Out to Other Funds	(149)	(2,575)	(2,100)
Other Noncapital Financing Receipt Activities	30,000	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	29,851	(2,575)	(2,100)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(697)	(1,833)	-
Payment of Principal and Interest on Bonds and Notes	-	-	-
Proceeds from Sale of Capital Assets	-	11	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	(697)	(1,822)	-
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	1,889
Net Cash Provided by (Used for) Investing Activities	-	-	1,889
Net Increase (Decrease) in Cash and Cash Equivalents	5,407	(521)	(51,125)
Cash and Cash Equivalents, July 1	28,501	7,230	268,210
Cash and Cash Equivalents, June 30	$ 33,908	$ 6,709	$ 217,085
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	$ 33,908	$ 6,706	$ 258,534
Cash and Travel Advances	-	3	-
Less:			
Securities Lending Cash Equivalents	-	-	(41,449)
Cash and Cash Equivalents per the Statement of Cash Flows	$ 33,908	$ 6,709	$ 217,085

Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
$ 1,832	$ 5,690	$ 32,271	$ 12,639	$ 35	$ 1,030,969
10,193	97,703	65,173	27,621	1,723	474,358
(2,206)	(3,313)	-	(2,924)	-	(10,865)
(3,305)	(64,976)	(3)	(27,528)	(43)	(136,618)
(2,232)	(11,841)	(9,318)	(2,596)	-	(342,267)
-	-	(72,358)	-	-	(1,001,579)
(928)	(10,722)	(1,409)	(6,112)	(1,352)	(52,716)
(223)	(2,044)	(8,403)	-	(108)	(11,131)
3,131	10,497	5,953	1,100	255	(49,849)
-	-	-	330	-	330
(152)	(164)	-	(15)	(9)	(5,164)
-	-	-	209	-	30,209
(152)	(164)	-	524	(9)	25,375
(764)	(91)	-	(33)	-	(3,418)
(1,124)	(6,182)	-	(5)	-	(7,311)
412	-	-	-	-	423
(1,476)	(6,273)	-	(38)	-	(10,306)
-	-	1,051	-	-	2,940
-	-	1,051	-	-	2,940
1,503	4,060	7,004	1,586	246	(31,840)
2,367	14,655	130,142	4,914	-	456,019
$ 3,870	$ 18,715	$ 137,146	$ 6,500	$ 246	$ 424,179
$ 3,870	$ 18,715	$ 162,802	$ 6,499	$ 246	$ 491,280
-	-	100	1	-	104
-	-	(25,756)	-	-	(67,205)
$ 3,870	$ 18,715	$ 137,146	$ 6,500	$ 246	$ 424,179

Continued on next page

Combining Statement of Cash Flows – Internal Service Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	$ (37,469)	$ 75	$ (18,473)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	3,212	1,125	-
Miscellaneous Nonoperating Income	-	53	-
Other Expenses	-	39	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	79	(1,415)	10,794
(Increase) Decrease in Due From Other Funds	(393)	1,269	735
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	(121)
(Increase) Decrease in Due From Component Units	-	-	(11,802)
(Increase) Decrease in Other Assets	1,819	-	-
(Increase) Decrease in Inventory	-	822	-
(Increase) Decrease in Prepaid Items	-	160	-
Increase (Decrease) in Accounts Payable	1,487	555	(21,512)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	(67)	50	-
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	322	139	-
Increase (Decrease) in Interfund Payable	-	-	-
Increase (Decrease) in Unearned Revenue	6,361	99	-
Increase (Decrease) in Other Liabilities	-	1	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	(10,535)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(412)	38	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	1,314	866	-
Net Cash Provided by (Used for) Operating Activities	$ (23,747)	$ 3,876	$ (50,914)
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the statement of net assets date:			
New Capital Leases	$ -	$ -	$ -
Trade-ins of Used Equipment on New Equipment	-	40	-
Installment Purchases Used to Finance Capital Assets	-	-	-
Capital Asset Addition Included in Accounts Payable	160	-	-
Total Noncash, Investing, Capital, and Financing Activities	$ 160	$ 40	$ -

Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
$ (1,649)	$ 4,330	$ (30,027)	$ (43)	$ (290)	$ (83,546)
4,911	2,635	-	779	-	12,662
-	-	-	-	-	53
-	-	-	-	-	39
(39)	86	10	(3)	-	9,512
(59)	589	-	118	(1)	2,258
-	-	-	-	-	(121)
-	-	-	-	-	(11,802)
-	-	-	-	-	1,819
(16)	36	-	(149)	-	693
-	(5)	(1)	272	(105)	321
(429)	(871)	258	(242)	65	(20,689)
-	(133)	-	-	-	(133)
37	278	2	141	6	447
12	142	6	82	18	721
-	(220)	-	-	-	(220)
301	2,648	4,691	(13)	-	14,087
-	48	(4,523)	-	-	(4,474)
-	-	2,717	-	-	(7,818)
-	-	32,694	-	-	32,694
1	26	1	(38)	96	(288)
61	908	125	196	466	3,936
$ 3,131	$ 10,497	$ 5,953	$ 1,100	$ 255	$ (49,849)
$ -	$ 4,037	$ -	$ -	$ -	$ 4,037
-	-	-	-	-	40
765	-	-	-	-	765
-	63	-	-	-	223
$ 765	$ 4,100	$ -	$ -	$ -	$ 5,065

Fiduciary Funds

Private Purpose Funds

Private Purpose Funds are trust arrangements that benefit individuals, private organizations, or other governments.

Unclaimed Property accounts for unclaimed and escheat property that the state holds for its rightful owner.

Education Savings Trust Fund accounts for the activities of the Virginia Education Savings Trust program which is a voluntary, non-guaranteed, higher educational investment program offered by the Virginia College Savings Plan.

Loan Servicing Reserve accounts for funds that are used to service loan activities for individual loans in order to meet the provisions of the Declarations of the dissolved Virginia Education Loan Authority.

Edvantage Reserve accounts for funds that are used to service loan activities for individual loans in order to meet the provisions of the dissolved Student Education Assistance Authority.

Virginia Revolving Farm Loan Program accounts for trust funds that are used to provide loans to individual farmers for rural rehabilitation purposes.

Gas and Oil Board Fund accounts for the funds held in escrow awaiting disbursement to the validated owner of property containing gas and oil interest.

Miscellaneous Trust Funds account for perpetual trusts created through donations to the state. Earnings are used for the benefit of donor-specified local entities.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect the activities of the retirement systems and postemployment benefits administered by the Virginia Retirement System (VRS) or the Department of Accounts.

The Virginia Retirement System provides retirement benefits to Commonwealth employees, teachers, political subdivision employees, and other qualifying employees.

The State Police Officers' Retirement System provides retirement benefits to Virginia state police officers.

The Judicial Retirement System provides retirement benefits to the Commonwealth's judiciary.

The Virginia Law Officers' Retirement System provides retirement benefits to correctional officers, capital police officers, university police officers, and game wardens.

Political Appointees provides optional retirement benefits to selected officials and administrative staff.

The Public School Superintendents' Plan provides retirement benefits to superintendents in the public school system.

The Virginia Supplemental Retirement Plan provides extra benefits to turn-around specialists in the public school system.

Other Post-Employment Retiree Health Insurance Credit Fund accounts for the health insurance credits provided by the Commonwealth which offset a portion of the retirees' monthly insurance premiums.

Other Employment Group Life Fund provides life insurance coverage to members of the retirement systems.

Other Post-Employment Disability Insurance Trust Fund provides income protection to Commonwealth employees for absences caused by sickness or disability.

Other Employment Volunteer Firefighters' and Rescue Squad Workers' Fund provides optional retirement benefits to volunteer firefighters and rescue squad workers.

Other Post-Employment Line of Duty Death and Disability provides death and health benefits to beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty.

Investment Trust Fund

Investment Trust Fund reflects the external portion of the local government investment pool sponsored by the Commonwealth.

Local Government Investment Pool (LGIP) helps local governmental entities maximize their rate of return by commingling their resources for investment purposes.

Agency Funds

Agency Funds report those funds for which the Commonwealth acts solely in a custodial capacity.

Funds for the Collection of Taxes and Fees account for taxes and fees collected by the Commonwealth to be distributed to localities or other states.

Employee Benefits Fund accounts for undistributed withholdings for employee benefits.

Contractor Deposits Fund accounts for reimbursable deposits, including both cash and securities, from mining companies, road construction companies, and from motor fuel retailers to ensure performance meets regulatory standards.

Deposits of Insurance Carriers Fund accounts for security deposits of insurance carriers as protection to the policy holders of the Commonwealth.

Inmate and Ward Fund accounts for the savings of inmates and wards of the Departments of Corrections and Juvenile Justice.

Child Support Collection Fund accounts for court-ordered child support payments that flow through the Department of Social Services.

Behavioral Health Patient Fund accounts for the savings of patients in the Commonwealth's mental health facilities.

Behavioral Health Non-patient Fund accounts for the savings of non-patients in the Commonwealth's mental health facilities.

Comptroller's Debt Setoff Fund accounts for monies held in a suspense status while research is conducted to determine the party entitled to the funds.

Unclaimed Property of Other States Fund accounts for unclaimed property that is due to other states.

Legal Settlement Fund accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties.

Consumer Services Fund accounts for deposits made by businesses that will provide assistance to individuals suffering losses associated with these businesses and will be returned after dispute resolution. The Milk Commission, which accounts for deposits from milk producers that will be distributed to individual farmers to offset delivery expenses and losses incurred, is reported as part of this fund.

State Asset Forfeiture Fund accounts for seized assets that are deposited and subsequently distributed to the appropriate parties pursuant to court orders.

Virginia School for the Deaf and the Blind Fund accounts for student funds used to establish new activities for students.

Woodrow Wilson Rehabilitation Center Fund accounts for student funds held by the center.

Third Party Administrator Fund (formerly the Commuter Rail Fund) accounts for funds held in custody for assets of the Virginia Railway Express and the van pool insurance program.

Department of Environmental Quality accounts for deposits from the EPA as a result of a legal settlement which will be distributed to localities to retro-fit school buses.

Virginia Veterans' Care Center Resident Fund accounts for the savings of residents of the Virginia Veterans Care Center.

Virginia Individual Development Account Trust Fund accounts for funds used to benefit low income individuals and to assist them in purchasing affordable housing.

Combining Statement of Fiduciary Net Assets – Private Purpose Funds

June 30, 2010
(Dollars in Thousands)

	Unclaimed Property	Education Savings Trust Fund	Loan Servicing Reserve
Assets			
Cash and Cash Equivalents	$ 1,406	$ 37,016	$ 190
Investments:			
Stocks	173,493	58,865	-
Index and Pooled Funds	-	363,100	-
Mutual and Money Market Funds	49,354	702,963	-
Other	81	196,050	-
Total Investments	222,928	1,320,978	-
Receivables, Net:			
Accounts	-	-	-
Interest and Dividends	-	1,362	-
Total Receivables	-	1,362	-
Prepaid Items	209	-	-
Total Assets	224,543	1,359,356	190
Liabilities			
Accounts Payable and Accrued Expenses	260	1,668	-
Due to Internal Parties (Governmental Funds and Business-type Activities)	18	-	-
Due to Other Funds	38	-	-
Obligations Under Securities Lending Program	-	-	-
Other Liabilities	-	271	-
Compensated Absences Payable	250	-	-
Pension Liability	701	-	-
Other Postemployment Benefits (OPEB) Liability	177	-	-
Total Liabilities	1,444	1,939	-
Net Assets Held in Trust for Participants	$ 223,099	$ 1,357,417	$ 190

Edvantage Reserve	Virginia Revolving Farm Loan Program	Gas and Oil Board Escrow Account	Miscellaneous Trust	Total
$ 277	$ 6,678	$ 25,962	$ 66	$ 71,595
-	-	-	-	232,358
-	-	-	-	363,100
-	-	-	-	752,317
-	576	-	-	196,707
-	576	-	-	1,544,482
-	7	-	-	7
-	-	-	-	1,362
-	7	-	-	1,369
-	-	-	-	209
277	7,261	25,962	66	1,617,655
-	3	-	-	1,931
-	-	-	-	18
-	-	-	-	38
-	1,644	-	-	1,644
-	-	-	-	271
-	2	-	-	252
-	16	-	-	717
-	4	-	-	181
-	1,669	-	-	5,052
$ 277	$ 5,592	$ 25,962	$ 66	$ 1,612,603

Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Funds

For the Fiscal Year June 30, 2010
(Dollars in Thousands)

	Unclaimed Property	Education Savings Trust Fund	Loan Servicing Reserve
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income	$ -	$ 152,763	$ -
Total Investment Income	-	152,763	-
Less Investment Expenses	-	2,564	-
Net Investment Income (Loss)	-	150,199	-
Proceeds from Unclaimed Property	24,556	-	-
Contributions:			
Participants	-	236,161	-
Total Contributions	-	236,161	-
Other Revenue	-	58	-
Total Additions	24,556	386,418	-
Deductions:			
Loan Servicing Payments	-	-	20
Educational Expense Benefits	-	78,120	-
Insurance Premiums and Claims	26,496	-	-
Trust Payments	-	-	-
Administrative Expenses	4,724	-	-
Shares Redeemed	-	6,335	-
Total Deductions	31,220	84,455	20
Net Increase (Decrease)	(6,664)	301,963	(20)
Net Assets Held in Trust for Participants			
July 1, as restated	229,763	1,055,454	210
June 30	$ 223,099	$ 1,357,417	$ 190

Edvantage Reserve	Virginia Revolving Farm Loan Program	Gas and Oil Board Escrow Account	Miscellaneous Trust	Total
$ -	$ 157	$ 13	$ -	$ 152,933
-	157	13	-	152,933
-	-	19	-	2,583
-	157	(6)	-	150,350
-	-	-	-	24,556
-	-	3,351	-	239,512
-	-	3,351	-	239,512
-	-	-	-	58
-	157	3,345	-	414,476
-	74	-	-	94
-	-	-	-	78,120
-	-	-	-	26,496
-	-	2,011	-	2,011
300	460	23	-	5,507
-	-	-	-	6,335
300	534	2,034	-	118,563
(300)	(377)	1,311	-	295,913
577	5,969	24,651	66	1,316,690
$ 277	$ 5,592	$ 25,962	$ 66	$ 1,612,603

Combining Statement of Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds

June 30, 2010
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Assets			
Cash and Cash Equivalents	$ 13,242	$ 279	$ 164
Investments:			
Bonds and Mortgage Securities	16,047,096	192,164	113,227
Stocks	15,264,046	182,787	107,702
Fixed Income Commingled Funds	1,621,594	19,419	11,442
Index and Pooled Funds	5,076,708	60,794	35,821
Real Estate	2,484,361	29,750	17,529
Private Equity	4,297,037	51,457	30,320
Short-term Investments	64,401	770	455
Other	3,822,830	45,778	26,974
Total Investments	48,678,073	582,919	343,470
Receivables, Net:			
Contributions	68,551	1,250	1,018
Interest and Dividends	179,583	2,150	1,267
Security Transactions	1,697,751	20,331	11,979
Other Receivables	543,507	6,489	3,823
Total Receivables	2,489,392	30,220	18,087
Due from Other Funds	35	1	-
Due from Internal Parties (Governmental Funds and Busines-type Activities)	43,345	818	625
Due from Component Units	21,454	-	-
Furniture and Equipment	13,855	-	-
Total Assets	51,259,396	614,237	362,346
Liabilities			
Accounts Payable and Accrued Expenses	25,098	273	161
Due to Internal Parties (Governmental Funds and Business-type Activities)	103	-	-
Obligations Under Securities Lending Program	3,830,342	45,868	27,027
Other Liabilities	701,322	8,387	4,941
Retirement Benefits Payable	231,485	3,964	2,586
Refunds Payable	4,131	-	-
Compensated Absences Payable	1,961	-	-
Insurance Premiums and Claims Payable	-	-	-
Payable for Security Transactions	1,819,138	21,784	12,836
Pension Liability	5,386	63	37
Other Postemployment Benefits (OPEB) Liability	1,351	15	9
Total Liabilities	6,620,317	80,354	47,597
Net Assets Held in Trust for Pension/Other Employment Benefits, Pool Participants and Other Purposes	$ 44,639,079	$ 533,883	$ 314,749

Virginia Law Officers' Retirement System	Political Appointees	Public School Superintendents	Virginia Supplemental Retirement Plan	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust Fund
$ 411	$ -	$ -	$ -	$ 131	$ 432	$ 173
283,704	2,021	110	76	90,786	297,961	118,968
269,860	2,601	3	-	86,356	283,421	113,163
28,669	-	-	-	9,174	30,110	12,022
89,753	1,073	5	-	28,721	94,264	37,637
43,922	-	-	-	14,055	46,129	18,418
75,969	-	-	-	24,310	79,787	31,857
1,139	-	-	-	365	1,196	477
67,586	-	-	-	21,628	70,982	28,341
860,602	5,695	118	76	275,395	903,850	360,883
3,489	-	-	-	978	174	547
3,175	-	-	-	1,016	3,334	1,331
30,015	-	-	-	9,605	31,524	12,587
9,581	-	-	-	3,075	10,058	9,714
46,260	-	-	-	14,674	45,090	24,179
2	-	-	-	-	-	-
2,213	-	-	-	625	96	385
438	-	-	-	958	173	509
-	-	-	-	-	-	-
909,926	5,695	118	76	291,783	949,641	386,129
402	-	-	-	10,227	424	2,706
-	-	-	-	-	-	-
67,718	-	-	-	21,670	71,121	28,398
12,382	-	-	-	3,962	13,003	5,191
4,689	-	-	-	-	-	-
145	-	-	-	673	1,003	135
-	-	-	-	-	-	-
-	-	-	-	-	47,254	-
32,161	-	-	-	10,292	33,778	13,486
68	-	-	-	100	160	178
21	-	-	-	29	36	52
117,586	-	-	-	46,953	166,779	50,146
$ 792,340	$ 5,695	$ 118	$ 76	$ 244,830	$ 782,862	$ 335,983

Continued on next page

Combining Statement of Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds
(Continued from previous page)

June 30, 2010
(Dollars in Thousands)

	Other Employment Volunteer Firefighters and Rescue Squad Workers	Other Postemployment Line of Duty Death and Disability	Total
Assets			
Cash and Cash Equivalents	$ -	$ 50	$ 14,882
Investments:			
Bonds and Mortgage Securities	40	-	17,146,153
Stocks	-	-	16,309,939
Fixed Income Commingled Funds	-	-	1,732,430
Index and Pooled Funds	-	-	5,424,776
Real Estate	-	-	2,654,164
Private Equity	-	-	4,590,737
Short-term Investments	-	-	68,803
Other	1,526	-	4,085,645
Total Investments	1,566	-	52,012,647
Receivables, Net:			
Contributions	-	-	76,007
Interest and Dividends	-	-	191,856
Security Transactions	-	-	1,813,792
Other Receivables	-	-	586,247
Total Receivables	-	-	2,667,902
Due from Other Funds	-	-	38
Due from Internal Parties (Governmental Funds and Busines-type Activities)	-	-	48,107
Due from Component Units	-	-	23,532
Furniture and Equipment	-	-	13,855
Total Assets	1,566	50	54,780,963
Liabilities			
Accounts Payable and Accrued Expenses	-	-	39,291
Due to Internal Parties (Governmental Funds and Business-type Activities)	-	-	103
Obligations Under Securities Lending Program	-	-	4,092,144
Other Liabilities	-	-	749,188
Retirement Benefits Payable	-	-	242,724
Refunds Payable	-	-	6,087
Compensated Absences Payable	-	-	1,961
Insurance Premiums and Claims Payable	-	50	47,304
Payable for Security Transactions	-	-	1,943,475
Pension Liability	-	-	5,992
Other Postemployment Benefits (OPEB) Liability	-	-	1,513
Total Liabilities	-	50	7,129,782
Net Assets Held in Trust for Pension/Other Employment Benefits, Pool Participants and Other Purposes	$ 1,566	$ -	$ 47,651,181

Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Additions:			
Investment Income (Loss)	$ 6,296,343	$ 76,010	$ 44,418
Total Investment Income (Loss)	6,296,343	76,010	44,418
Less Investment Expenses	281,742	3,401	1,988
Net Investment Income (Loss)	6,014,601	72,609	42,430
Contributions:			
Member	762,638	4,992	3,138
Employer	1,001,246	15,755	17,068
Total Contributions	1,763,884	20,747	20,206
Other Revenue	1,083	-	-
Total Additions	7,779,568	93,356	62,636
Deductions:			
Retirement Benefits	2,907,204	42,714	31,598
Refunds to Former Members	88,671	496	-
Retiree Health Insurance Credits	-	-	-
Insurance Premiums and Claims	-	-	-
Administrative Expenses	25,312	275	160
Other Expenses	3,807	46	27
Long-term Disability Benefits	-	-	-
Total Deductions	3,024,994	43,531	31,785
Transfers:			
Transfers In	-	-	-
Transfers Out	(104)	-	-
Total Transfers	(104)	-	-
Net Increase (Decrease)	4,754,470	49,825	30,851
Net Assets Held in Trust for Pension/Other Employment Benefits, Pool Participants and Other Purposes			
July 1	39,884,609	484,058	283,898
June 30	$ 44,639,079	$ 533,883	$ 314,749

Virginia Law Officers' Retirement System	Political Appointees	Public School Superintendents	Virginia Supplemental Retirement Plan	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust Fund
$ 108,335	$ 636	$ 12	$ 2	$ 34,780	$ 119,058	$ 45,146
108,335	636	12	2	34,780	119,058	45,146
4,847	-	-	-	1,557	5,328	2,020
103,488	636	12	2	33,223	113,730	43,126
17,404	322	29	-	-	62,485	-
38,943	404	-	-	100,613	32,375	31,021
56,347	726	29	-	100,613	94,860	31,021
-	-	-	-	-	-	-
159,835	1,362	41	2	133,836	208,590	74,147
53,758	670	-	-	-	-	-
3,919	-	-	-	-	-	-
-	-	-	-	120,269	-	-
-	-	-	-	-	137,833	-
398	10	-	-	621	708	868
66	-	-	-	21	848	27
-	-	-	-	-	-	27,574
58,141	680	-	-	120,911	139,389	28,469
104	-	-	-	-	-	-
-	-	-	-	-	-	-
104	-	-	-	-	-	-
101,798	682	41	2	12,925	69,201	45,678
690,542	5,013	77	74	231,905	713,661	290,305
$ 792,340	$ 5,695	$ 118	$ 76	$ 244,830	$ 782,862	$ 335,983

Continued on next page

Combining Statement of Changes in Fiduciary Net Assets – Pension and Other Employee Benefit Trust Funds
(Continued from previous page)

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Other Employment Volunteer Firefighters and Rescue Squad Workers	Other Postemployment Line of Duty Death and Disability	Total
Additions:			
Investment Income (Loss)	$ 150	$ (874)	$ 6,724,016
Total Investment Income (Loss)	150	(874)	6,724,016
Less Investment Expenses	-	-	300,883
Net Investment Income (Loss)	150	(874)	6,423,133
Contributions:			
Member	51	-	851,059
Employer	96	5,156	1,242,677
Total Contributions	147	5,156	2,093,736
Other Revenue	-	-	1,083
Total Additions	297	4,282	8,517,952
Deductions:			
Retirement Benefits	-	-	3,035,944
Refunds to Former Members	10	-	93,096
Retiree Health Insurance Credits	-	-	120,269
Insurance Premiums and Claims	-	7,384	145,217
Administrative Expenses	-	125	28,477
Other Expenses	-	1	4,843
Long-term Disability Benefits	-	-	27,574
Total Deductions	10	7,510	3,455,420
Transfers:			
Transfers In	-	-	104
Transfers Out	-	-	(104)
Total Transfers	-	-	-
Net Increase (Decrease)	287	(3,228)	5,062,532
Net Assets Held in Trust for Pension/Other Employment Benefits, Pool Participants and Other Purposes			
July 1	1,279	3,228	42,588,649
June 30	$ 1,566	$ -	$ 47,651,181

Combining Statement of Fiduciary Net Assets – Investment Trust Fund

June 30, 2010
(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Assets		
Cash and Cash Equivalents	$ 1,425,572	$ 1,425,572
Investments:		
Bonds and Mortgage Securities	197,367	197,367
Short-term Investments	1,634,487	1,634,487
Total Investments	1,831,854	1,831,854
Receivables, Net:		
Interest and Dividends	1,405	1,405
Total Receivables	1,405	1,405
Total Assets	3,258,831	3,258,831
Liabilities		
Due to Internal Parties (Governmental Funds and Business-type Activities)	15	15
Total Liabilities	15	15
Net Assets Held in Trust for		
Pool Participants	$ 3,258,816	$ 3,258,816

Combining Statement of Changes in Fiduciary Net Assets - Investment Trust Fund

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Additions:		
Investment Income:		
Interest, Dividends, and Other		
Investment Income	$ 8,341	$ 8,341
Distributions to Shareholders from Net Investment Income	(8,341)	(8,341)
Total Investment Income	-	-
Net Investment Income	-	-
Shares Sold	4,743,012	4,743,012
Reinvested Distributions	8,369	8,369
Total Additions	4,751,381	4,751,381
Deductions:		
Shares Redeemed	5,195,756	5,195,756
Total Deductions	5,195,756	5,195,756
Net Decrease	(444,375)	(444,375)
Net Assets Held in Trust for Pool Participants		
July 1	3,703,191	3,703,191
June 30	$ 3,258,816	$ 3,258,816

Combining Statement of Fiduciary Net Assets – Agency Funds

June 30, 2010
(Dollars in Thousands)

	Funds for the Collection of Taxes	Employee Benefits	Contractor Deposits
Assets			
Cash and Cash Equivalents	$ 171,382	$ 1,991	$ 28,268
Investments:			
Short-term Investments	101	-	1,137
Other	-	-	-
Total Investments	101	-	1,137
Receivables, Net:			
Accounts	43,047	-	-
Total Receivables	43,047	-	-
Other Assets	-	-	-
Total Assets	$ 214,530	$ 1,991	$ 29,405
Liabilities			
Accounts Payable and Accrued Expenses	$ -	$ 1,930	$ -
Amounts Due to Other Governments	214,240	-	-
Due to Internal Parties (Governmental and Business-type Activities)	-	61	-
Obligations Under Securities Lending Program	290	-	3,248
Other Liabilities	-	-	26,157
Insurance Premiums and Claims Payable	-	-	-
Total Liabilities	$ 214,530	$ 1,991	$ 29,405

Deposits of Insurance Carriers	Inmate and Ward	Child Support Collection	Behavioral Health Patient	Behavioral Health Non-Patient	Comptroller's Debt Setoff	Unclaimed Property of Other States
$ 29,830	$ 8,357	$ 15,701	$ 3,370	$ 29	$ 991	$ 13,814
62,157	-	-	-	-	-	-
342,427	-	-	175	-	-	-
404,584	-	-	175	-	-	-
20	188	-	-	-	-	-
20	188	-	-	-	-	-
-	-	-	-	-	-	-
$ 434,434	$ 8,545	$ 15,701	$ 3,545	$ 29	$ 991	$ 13,814
$ -	$ 1,981	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	13,814
-	220	-	-	-	-	-
-	-	-	-	-	-	-
434,434	6,344	15,701	3,545	29	991	-
-	-	-	-	-	-	-
$ 434,434	$ 8,545	$ 15,701	$ 3,545	$ 29	$ 991	$ 13,814

Continued on next page

Combining Statement of Fiduciary Net Assets – Agency Funds *(Continued from previous page)*

June 30, 2010
(Dollars in Thousands)

	Legal Settlement	Consumer Services	State Asset Forfeiture
Assets			
Cash and Cash Equivalents	$ 1,501	$ 1,223	$ 6,179
Investments:			
Short-term Investments	96	-	83
Other	-	-	-
Total Investments	96	-	83
Receivables, Net:			
Accounts	-	-	-
Total Receivables	-	-	-
Other Assets	-	-	-
Total Assets	$ 1,597	$ 1,223	$ 6,262
Liabilities			
Accounts Payable and Accrued Expenses	$ -	$ 1	$ -
Amounts Due to Other Governments	-	-	-
Due to Internal Parties (Governmental and Business-type Activities)	-	-	-
Obligations Under Securities Lending Program	276	-	236
Other Liabilities	1,321	1,222	6,026
Insurance Premiums and Claims Payable	-	-	-
Total Liabilities	$ 1,597	$ 1,223	$ 6,262

Virginia School for the Deaf and Blind	Woodrow Wilson Rehabilitation Center	Third Party Administrator	Department of Environmental Quality	Virginia Veterans' Care Center Resident Fund	Virginia Individual Development Account Trust Fund	Total
$ 29	$ 5	$ 12,330	$ 226	$ 196	$ 56	$ 295,478
-	-	1,063	-	-	-	64,637
-	-	-	-	-	-	342,602
-	-	1,063	-	-	-	407,239
-	-	-	-	-	-	43,255
-	-	-	-	-	-	43,255
-	-	6	-	-	-	6
$ 29	$ 5	$ 13,399	$ 226	$ 196	$ 56	$ 745,978
$ -	$ -	$ 3	$ -	$ -	$ -	$ 3,915
-	-	-	-	-	-	228,054
-	-	-	-	-	-	281
-	-	3,035	-	-	-	7,085
29	5	9,766	226	196	56	506,048
-	-	595	-	-	-	595
$ 29	$ 5	$ 13,399	$ 226	$ 196	$ 56	$ 745,978

Combining Statement of Changes in Assets and Liabilities – Agency Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Balance July 1	Additions	Deletions	Balance June 30
Funds for the Collection of Taxes and Fees				
Assets:				
Cash and Cash Equivalents	$ 147,914	$ 1,154,624	$ 1,131,156	$ 171,382
Short-term Investments	6,980	101	6,980	101
Accounts Receivable	148,795	43,047	148,795	43,047
Total Assets	$ 303,689	$ 1,197,772	$ 1,286,931	$ 214,530
Liabilities:				
Amounts Due to Other Governments	$ 290,891	$ 1,197,482	$ 1,274,133	$ 214,240
Obligations Under Securities Lending Program	12,798	290	12,798	290
Total Liabilities	$ 303,689	$ 1,197,772	$ 1,286,931	$ 214,530
Employee Benefits				
Assets:				
Cash and Cash Equivalents	$ 3,657	$ 222,308	$ 223,974	$ 1,991
Total Assets	$ 3,657	$ 222,308	$ 223,974	$ 1,991
Liabilities:				
Accounts Payable and Accrued Expenses	$ 3,657	$ 222,247	$ 223,974	$ 1,930
Due to Internal Parties (Governmental and Business-type Activities)	-	61	-	61
Total Liabilities	$ 3,657	$ 222,308	$ 223,974	$ 1,991
Contractor Deposits Fund				
Assets:				
Cash and Cash Equivalents	$ 27,076	$ 16,907	$ 15,715	$ 28,268
Short-term Investments	2,130	1,137	2,130	1,137
Total Assets	$ 29,206	$ 18,044	$ 17,845	$ 29,405
Liabilities:				
Obligations Under Securities Lending Program	$ 3,905	$ 3,248	$ 3,905	$ 3,248
Other Liabilities	25,301	14,796	13,940	26,157
Total Liabilities	$ 29,206	$ 18,044	$ 17,845	$ 29,405
Deposits of Insurance Carriers				
Assets:				
Cash and Cash Equivalents	$ 31,910	$ 22,550	$ 24,630	$ 29,830
Short-term Investments	59,399	62,157	59,399	62,157
Other Investments	334,729	53,945	46,247	342,427
Accounts Receivable	16	619	615	20
Total Assets	$ 426,054	$ 139,271	$ 130,891	$ 434,434
Liabilities:				
Other Liabilities	$ 426,054	$ 139,271	$ 130,891	$ 434,434
Total Liabilities	$ 426,054	$ 139,271	$ 130,891	$ 434,434
Inmate and Ward				
Assets:				
Cash and Cash Equivalents	$ 8,389	$ 227	$ 259	$ 8,357
Accounts Receivable	65	132	9	188
Due from Internal Parties (Governmental Funds and Business-type Activities)	116	-	116	-
Total Assets	$ 8,570	$ 359	$ 384	$ 8,545
Liabilities:				
Accounts Payable and Accrued Expenses	$ 2,248	$ -	$ 267	$ 1,981
Due to Internal Parties (Governmental Funds and Business-type Activities)	158	62	-	220
Other Liabilities	6,164	417	237	6,344
Total Liabilities	$ 8,570	$ 479	$ 504	$ 8,545

	Balance July 1	Additions	Deletions	Balance June 30
Child Support Collection				
Assets:				
Cash and Cash Equivalents	$ 17,425	$ 624,451	$ 626,175	$ 15,701
Total Assets	$ 17,425	$ 624,451	$ 626,175	$ 15,701
Liabilities:				
Other Liabilities	$ 17,425	$ 624,451	$ 626,175	$ 15,701
Total Liabilities	$ 17,425	$ 624,451	$ 626,175	$ 15,701
Behavioral Health Patient				
Assets:				
Cash and Cash Equivalents	$ 2,821	$ 4,220	$ 3,671	$ 3,370
Other Investments	157	39	21	175
Total Assets	$ 2,978	$ 4,259	$ 3,692	$ 3,545
Liabilities:				
Other Liabilities	$ 2,978	$ 4,259	$ 3,692	$ 3,545
Total Liabilities	$ 2,978	$ 4,259	$ 3,692	$ 3,545
Behavioral Health Non-Patient				
Assets:				
Cash and Cash Equivalents	$ 27	$ 6	$ 4	$ 29
Total Assets	$ 27	$ 6	$ 4	$ 29
Liabilities:				
Other Liabilities	$ 27	$ 6	$ 4	$ 29
Total Liabilities	$ 27	$ 6	$ 4	$ 29
Comptroller's Debt Setoff				
Assets:				
Cash and Cash Equivalents	$ 692	$ 18,039	$ 17,740	$ 991
Total Assets	$ 692	$ 18,039	$ 17,740	$ 991
Liabilities:				
Other Liabilities	$ 692	$ 18,039	$ 17,740	$ 991
Total Liabilities	$ 692	$ 18,039	$ 17,740	$ 991
Unclaimed Property of Other States				
Assets:				
Cash and Cash Equivalents	$ 10,211	$ 4,369	$ 766	$ 13,814
Total Assets	$ 10,211	$ 4,369	$ 766	$ 13,814
Liabilities:				
Amounts Due to Other Governments	$ 10,211	$ 4,369	$ 766	$ 13,814
Total Liabilities	$ 10,211	$ 4,369	$ 766	$ 13,814
Legal Settlement				
Assets:				
Cash and Cash Equivalents	$ 1,226	$ 512	$ 237	$ 1,501
Short-term Investments	186	96	186	96
Total Assets	$ 1,412	$ 608	$ 423	$ 1,597
Liabilities:				
Obligations Under Securities Lending Program	$ 340	$ 276	$ 340	$ 276
Other Liabilities	1,072	332	83	1,321
Total Liabilities	$ 1,412	$ 608	$ 423	$ 1,597

Continued on next page

Combining Statement of Changes in Assets and Liabilities –
Agency Funds *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Balance July 1	Additions	Deletions	Balance June 30
Consumer Services				
Assets:				
Cash and Cash Equivalents	$ 1,189	$ 355	$ 321	$ 1,223
Total Assets	$ 1,189	$ 355	$ 321	$ 1,223
Liabilities:				
Accounts Payable and Accrued Expenses	$ 3	$ 302	$ 304	$ 1
Other Liabilities	1,186	53	17	1,222
Total Liabilities	$ 1,189	$ 355	$ 321	$ 1,223
State Asset Forfeiture Fund				
Assets:				
Cash and Cash Equivalents	$ 5,515	$ 7,508	$ 6,844	$ 6,179
Short-term Investments	203	83	203	83
Total Assets	$ 5,718	$ 7,591	$ 7,047	$ 6,262
Liabilities:				
Obligations Under Securities Lending Program	$ 373	$ 236	$ 373	$ 236
Other Liabilities	5,345	7,354	6,673	6,026
Total Liabilities	$ 5,718	$ 7,590	$ 7,046	$ 6,262
Virginia School for the Deaf and Blind				
Assets:				
Cash and Cash Equivalents	$ 33	$ 6	$ 10	$ 29
Total Assets	$ 33	$ 6	$ 10	$ 29
Liabilities:				
Other Liabilities	$ 33	$ 6	$ 10	$ 29
Total Liabilities	$ 33	$ 6	$ 10	$ 29
Woodrow Wilson Rehabilitation Center				
Assets:				
Cash and Cash Equivalents	$ 5	$ 43	$ 43	$ 5
Total Assets	$ 5	$ 43	$ 43	$ 5
Liabilities:				
Other Liabilities	$ 5	$ 43	$ 43	$ 5
Total Liabilities	$ 5	$ 43	$ 43	$ 5
Third Party Administrator				
Assets:				
Cash and Cash Equivalents	$ 10,423	$ 7,286	$ 5,379	$ 12,330
Short-term Investments	1,805	1,063	1,805	1,063
Accounts Receivable	3	-	3	-
Other Assets	-	25	19	6
Total Assets	$ 12,231	$ 8,374	$ 7,206	$ 13,399
Liabilities:				
Accounts Payable and Accrued Expenses	$ 4	$ 3	$ 4	$ 3
Obligations Under Securities Lending Program	3,310	3,035	3,310	3,035
Other Liabilities	8,322	5,324	3,880	9,766
Insurance Premiums and Claims Payable	595	-	-	595
Total Liabilities	$ 12,231	$ 8,362	$ 7,194	$ 13,399

	Balance July 1	Additions	Deletions	Balance June 30
Department of Environmental Quality				
Assets:				
Cash and Cash Equivalents	$ 296	$ -	$ 70	$ 226
Total Assets	$ 296	$ -	$ 70	$ 226
Liabilities:				
Other Liabilities	$ 296	$ -	$ 70	$ 226
Total Liabilities	$ 296	$ -	$ 70	$ 226
Virginia Veterans' Care Center Resident Fund				
Assets:				
Cash and Cash Equivalents	$ 138	$ 1,224	$ 1,166	$ 196
Total Assets	$ 138	$ 1,224	$ 1,166	$ 196
Liabilities:				
Other Liabilities	$ 138	$ 1,224	$ 1,166	$ 196
Total Liabilities	$ 138	$ 1,224	$ 1,166	$ 196
Virginia Individual Development Account Trust Fund				
Assets:				
Cash and Cash Equivalents	$ 157	$ 1,022	$ 1,123	$ 56
Total Assets	$ 157	$ 1,022	$ 1,123	$ 56
Liabilities:				
Other Liabilities	$ 157	$ 1,022	$ 1,123	$ 56
Total Liabilities	$ 157	$ 1,022	$ 1,123	$ 56
Totals-Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 269,104	$ 2,085,657	$ 2,059,283	$ 295,478
Short-term Investments	70,703	64,637	70,703	64,637
Other Investments	334,886	53,984	46,268	342,602
Accounts Receivable	148,879	43,798	149,422	43,255
Due from Internal Parties (Governmental Funds and Business-type Activities)	116	-	116	-
Other Assets	-	25	19	6
Total Assets	$ 823,688	$ 2,248,101	$ 2,325,811	$ 745,978
Liabilities:				
Accounts Payable and Accrued Expenses	$ 5,912	$ 222,552	$ 224,549	$ 3,915
Amounts Due to Other Governments	301,102	1,201,851	1,274,899	228,054
Due to Internal Parties (Governmental Funds and Business-type Activities)	158	123	-	281
Obligations Under Securities Lending Program	20,726	7,085	20,726	7,085
Other Liabilities	495,195	816,597	805,744	506,048
Insurance Premiums and Claims Payable	595	-	-	595
Total Liabilities	$ 823,688	$ 2,248,208	$ 2,325,918	$ 745,978

Nonmajor Component Units

Component Units are organizations that are legally separate from the Commonwealth of Virginia. Each discrete component unit serves or benefits those outside of the primary government.

The Virginia Economic Development Partnership works to enhance and increase the Commonwealth's commerce and trade.

The Virginia Outdoors Foundation promotes preservation and fundraising for the purchase of preservation land.

The Virginia Port Authority is empowered to maintain and operate Virginia's harbors and ports.

The Virginia Resources Authority provides financing for the construction of local water supply and wastewater treatment facilities and other local infrastructure projects.

The Virginia Tourism Authority promotes tourism and film production industries of the Commonwealth.

The Virginia Foundation for Healthy Youth (formerly Virginia Tobacco Settlement Foundation) determines the appropriate recipients of monies in the Virginia Tobacco Settlement Fund.

The Tobacco Indemnification and Community Revitalization Commission determines the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund.

The Hampton Roads Sanitation District Commission operates a sewage system for 17 localities in the Chesapeake Bay Area.

The Virginia Biotechnology Research Partnership Authority assists in the development of a biotechnology research park.

The Virginia Small Business Financing Authority assists small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses.

The Virginia School for the Deaf and Blind Foundation operates exclusively for the benefit of the Virginia School for the Deaf and Blind.

The Science Museum of Virginia Foundation operates to implement and fund projects and operations of the Science Museum of Virginia.

The Virginia Commercial Space Flight Authority disseminates knowledge pertaining to scientific and technological research and development among public and private entities including, but not limited to, knowledge in the area of commercial space flight, and to promote industrial and economic development.

The Danville Science Center, Inc. promotes programs, projects and operations to educate students.

The Virginia Museum of Fine Arts Foundation implements and funds programs, projects, and operations of the Virginia Museum of Fine Arts.

The A. L. Philpott Manufacturing Extension Partnership promotes industrial expansion by providing consulting services to manufacturers.

The Virginia Horse Center Foundation operates for the benefit of the equine industry.

Virginia University Research Partnership oversees the administration of grant payments for use by a non-profit, public benefit research institute that conducts research and development for government agencies, commercial businesses, foundations, and other organizations, as well as commercializes technology.

Fort Monroe Federal Area Development Authority assists in formulating a reuse plan for Fort Monroe.

Assistive Technology Loan Fund Authority provides assistance with loans and in the purchase of assistive technology or other equipment to enable Virginians with disabilities to become more independent.

The Virginia National Defense Industrial Authority promotes business, technology, transportation, education, economic development and other efforts in support of the mission, execution, and transformation of the United States military and national defense activities located in the Commonwealth.

The Virginia Sesquicentennial of the American Civil War Commission was created to prepare for and commemorate the sesquicentennial of Virginia's participation in the American Civil War.

The Virginia Land Conservation Foundation acquires interests in preservation land and provides grants to other entities to acquire interests in preservation land.

The Virginia Arts Foundation works to promote the arts in the Commonwealth.

The Library of Virginia Foundation promotes and supports the Library of Virginia.

The Higher Education Institutions account for the resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals.

Other Higher Education Institutions included in this section are:

The College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science
Virginia Military Institute
Virginia State University
Norfolk State University
University of Mary Washington
James Madison University
Radford University
Old Dominion University
George Mason University
Virginia Community College System
Christopher Newport University
Longwood University
Southwest Virginia Higher Education Center
Roanoke Higher Education Authority
Innovation and Entrepreneurship Investment Authority (formerly Innovative Technology Authority)
Institute for Advanced Learning and Research
Southern Virginia Higher Education Center
Virginia College Building Authority
New College Institute

Combining Statement of Net Assets – Nonmajor Component Units

June 30, 2010
(Dollars in Thousands)

	Virginia Economic Development Partnership	Virginia Outdoors Foundation	Virginia Port Authority	Virginia Resources Authority
Assets				
Cash and Cash Equivalents	$ 2,581	$ 2,147	$ 35,912	$ 2,509
Investments	-	-	-	4,043
Receivables, Net	25	370	35,883	3,144,163
Contributions Receivable, Net	-	-	-	-
Due from Primary Government	-	-	550	-
Due from Component Units	-	-	-	-
Inventory	-	-	11,275	-
Prepaid Items	314	10	11,985	-
Other Assets	27	-	7,674	50,186
Restricted Cash and Cash Equivalents	-	1,504	84,670	233,909
Restricted Investments	-	-	24,880	454,947
Other Restricted Assets	-	-	5,460	-
Nondepreciable Capital Assets	-	8,310	218,134	-
Depreciable Capital Assets, Net	757	108	606,397	17
Total Assets	3,704	12,449	1,042,820	3,889,774
Liabilities				
Accounts Payable	230	247	20,244	405
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	-	-	-	-
Due to Component Units	181	-	-	-
Due to External Parties (Fiduciary Funds)	-	-	-	-
Unearned Revenue	7	-	-	2,202
Obligations Under Securities Lending Program	-	-	3,725	-
Other Liabilities	-	1	11,420	26,999
Loans Payable to Primary Government	-	-	-	-
Long-term Liabilities:				
Due Within One Year	509	64	25,035	104,132
Due in More Than One Year	3,065	50	546,190	2,488,755
Total Liabilities	3,992	362	606,614	2,622,493
Net Assets				
Invested in Capital Assets, Net of Related Debt	757	8,418	305,972	17
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	-
Other	-	-	-	-
Expendable:				
Higher Education	-	-	-	-
Gifts and Grants	-	-	-	-
Virginia Pooled Investment Program	-	-	-	7,248
Capital Projects / Construction / Capital Acquisition	-	-	-	1,253,671
Debt Service	-	-	64,266	-
Other	-	1,654	-	-
Unrestricted	(1,045)	2,015	65,968	6,345
Total Net Assets (Deficit)	$ (288)	$ 12,087	$ 436,206	$ 1,267,281

Virginia Tourism Authority	Virginia Foundation for Healthy Youth	Tobacco Indemnification and Community Revitalization Commission	Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Partnership Authority	Virginia Small Business Financing Authority	Virginia School for the Deaf and Blind Foundation	Science Museum of Virginia Foundation
$ 3,591	$ 12,723	$ 36,558	$ 42,223	$ 2,057	$ 3,185	$ 138	$ 750
-	1,097	539,286	60,080	110	687	2,771	-
-	-	137	36,377	43,184	13,089	-	8
-	-	-	-	-	-	-	1,104
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,343	-	6	387	12	-	-	1
1	5	6,272	3,772	-	-	-	-
-	-	17,954	141,401	-	13,418	-	2,345
-	-	328,549	-	-	-	-	11,606
-	-	9,290	-	-	-	-	-
811	-	-	210,716	5,280	-	-	1,792
657	-	2	556,026	15,755	-	-	20
6,403	13,825	938,054	1,050,982	66,398	30,379	2,909	17,626
255	62	75	33,409	122	41	-	5
-	-	-	-	-	-	-	-
-	6	3	-	-	1	-	424
-	-	-	-	-	-	-	-
-	16	13	-	-	6	-	-
206	-	-	-	257	-	-	9
-	3,131	4,766	-	-	1,962	-	-
-	657	9,432	10,039	10	1,804	-	-
-	-	-	-	-	-	-	-
270	35	8	21,297	6,665	-	-	10
1,597	400	285	533,359	46,800	119	-	23
2,328	4,307	14,582	598,104	53,854	3,933	-	471
1,468	-	2	348,572	10,234	-	-	1,812
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,647
-	-	-	-	-	-	-	-
-	-	-	-	-	20,475	-	8,949
-	-	-	-	-	-	-	-
-	-	334,938	-	-	-	-	-
-	-	-	12,253	-	-	-	-
-	-	-	-	-	2,652	-	-
2,607	9,518	588,532	92,053	2,310	3,319	2,909	747
$ 4,075	$ 9,518	$ 923,472	$ 452,878	$ 12,544	$ 26,446	$ 2,909	$ 17,155

Continued on next page

June 30, 2010
(Dollars in Thousands)

	Virginia Commercial Space Flight Authority	Danville Science Center, Inc.	Virginia Museum of Fine Arts Foundation	A. L. Philpott Manufacturing Extension Partnership
Assets				
Cash and Cash Equivalents	$ 3,891	$ 461	$ 1,957	$ 958
Investments	-	-	5,752	-
Receivables, Net	10,967	5	-	203
Contributions Receivable, Net	-	-	21,331	-
Due from Primary Government	-	-	1,350	-
Due from Component Units	-	-	-	-
Inventory	-	-	-	-
Prepaid Items	83	19	-	-
Other Assets	-	-	688	-
Restricted Cash and Cash Equivalents	-	271	13,943	-
Restricted Investments	-	565	136,404	-
Other Restricted Assets	-	-	-	-
Nondepreciable Capital Assets	25,039	-	54	-
Depreciable Capital Assets, Net	1,152	26	1,113	-
Total Assets	41,132	1,347	182,592	1,161
Liabilities				
Accounts Payable	3,700	2	653	165
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	-	-	-	-
Due to Component Units	9,693	-	-	-
Due to External Parties (Fiduciary Funds)	-	-	-	-
Unearned Revenue	1,052	251	-	151
Obligations Under Securities Lending Program	-	-	-	-
Other Liabilities	-	-	99	-
Loans Payable to Primary Government	-	-	-	-
Long-term Liabilities:				
Due Within One Year	-	-	1,244	157
Due in More Than One Year	-	-	54,735	-
Total Liabilities	14,445	253	56,731	473
Net Assets				
Invested in Capital Assets, Net of Related Debt	26,191	26	1,003	-
Restricted For:				
Nonexpendable:				
Higher Education	-	-	-	-
Other	-	254	86,406	-
Expendable:				
Higher Education	-	-	-	-
Gifts and Grants	-	331	10,200	-
Virginia Pooled Investment Program	-	-	-	-
Capital Projects / Construction / Capital Acquisition	-	-	1,691	-
Debt Service	-	-	-	-
Other	-	-	19,047	-
Unrestricted	496	483	7,514	688
Total Net Assets (Deficit)	$ 26,687	$ 1,094	$ 125,861	$ 688

Virginia Horse Center Foundation	Virginia University Research Partnership	Fort Monroe Federal Area Development Authority	Assistive Technology Loan Fund Authority	Virginia National Defense Industrial Authority	Virginia Sesquicentennial of the American Civil War Commission	Virginia Land Conservation Foundation	Virginia Arts Foundation
$ 146	$ 5	$ 121	$ 4,014	$ -	$ 296	$ 1,975	$ 139
-	-	19	5,917	-	-	-	75
251	-	570	1,149	-	-	-	-
812	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	181	-	-	-
30	-	-	-	-	-	-	-
33	-	19	7	-	-	-	-
4	-	-	-	-	-	-	-
593	-	-	-	6,122	-	-	733
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,390	-	-	-	-	-	-	-
15,350	-	101	12	-	-	-	-
24,609	5	830	11,099	6,303	296	1,975	947
425	-	384	1	6	-	6	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	2	-
155	-	-	-	-	-	-	-
-	-	-	-	-	-	-	215
316	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
900	-	-	6	16	-	-	-
11,794	-	194	-	123	-	45	-
13,590	-	578	7	145	-	54	215
11,018	-	101	12	-	-	-	-
-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	732
-	-	-	-	-	-	-	-
-	-	-	-	6,122	-	-	-
-	-	-	-	-	-	-	-
242	-	-	-	-	-	-	-
605	-	-	-	-	-	-	-
822	-	-	-	-	-	-	-
(1,669)	5	151	11,080	36	296	1,921	-
$ 11,019	$ 5	$ 252	$ 11,092	$ 6,158	$ 296	$ 1,921	$ 732

Continued on next page

June 30, 2010
(Dollars in Thousands)

	Library of Virginia Foundation	College of William and Mary	Virginia Military Institute	Virginia State University
Assets				
Cash and Cash Equivalents	$ 49	$ 23,108	$ 21,684	$ 36,406
Investments	2,090	35,887	59,729	3,190
Receivables, Net	-	15,468	2,277	6,901
Contributions Receivable, Net	34	23,468	14,033	41
Due from Primary Government	-	526	127	483
Due from Component Units	-	7,333	4,077	3,760
Inventory	40	461	4,597	-
Prepaid Items	1	2,100	856	2,422
Other Assets	-	964	249	587
Restricted Cash and Cash Equivalents	-	59,052	-	15,497
Restricted Investments	424	448,273	216,696	21,945
Other Restricted Assets	-	92,828	5,008	-
Nondepreciable Capital Assets	-	161,761	10,558	40,875
Depreciable Capital Assets, Net	-	524,613	208,930	112,724
Total Assets	2,638	1,395,842	548,821	244,831
Liabilities				
Accounts Payable	59	35,934	6,478	9,640
Amounts Due to Other Governments	-	-	1,320	-
Due to Primary Government	-	749	182	236
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	-	1,019	241	498
Unearned Revenue	-	14,034	1,489	3,335
Obligations Under Securities Lending Program	-	513	2,876	7,368
Other Liabilities	60	11,646	1,769	5,068
Loans Payable to Primary Government	-	-	-	-
Long-term Liabilities:				
Due Within One Year	-	17,773	2,371	4,437
Due in More Than One Year	79	271,189	70,352	96,707
Total Liabilities	198	352,857	87,078	127,289
Net Assets				
Invested in Capital Assets, Net of Related Debt	-	472,257	206,142	78,395
Restricted For:				
Nonexpendable:				
Higher Education	-	364,683	104,142	12,932
Other	290	-	-	-
Expendable:				
Higher Education	-	200,563	102,035	15,947
Gifts and Grants	134	-	-	-
Virginia Pooled Investment Program	-	-	-	-
Capital Projects / Construction / Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Other	-	-	-	-
Unrestricted	2,016	5,482	49,424	10,268
Total Net Assets (Deficit)	$ 2,440	$ 1,042,985	$ 461,743	$ 117,542

Norfolk State University	University of Mary Washington	James Madison University	Radford University	Old Dominion University	George Mason University	Virginia Community College System	Christopher Newport University
$ 25,227	$ 16,344	$ 117,865	$ 80,184	$ 79,502	$ 84,275	$ 163,899	$ 23,175
4,601	2,388	14,475	6,130	16,064	12,345	20,904	1,724
9,414	6,720	9,563	5,226	29,082	32,722	23,378	777
1,685	5,760	8,017	1,485	6,202	33,752	6,842	9,140
630	286	1,009	452	2,668	1,844	6,518	1,101
4,952	1,009	5,790	2,008	15,030	6,166	26,224	2,166
-	561	744	585	491	625	2,447	1,181
696	470	7,156	1,896	2,852	5,495	11,621	2,293
1,918	2,317	52	382	1,208	8,498	366	1,046
7,033	39,987	58,020	4,167	17,501	85,099	61,312	25,548
15,515	32,028	59,860	34,815	146,953	79,451	104,112	12,356
-	-	2,485	359	-	9,161	-	721
24,544	120,172	107,052	16,569	71,694	200,542	166,416	61,601
157,158	153,099	558,399	155,866	563,739	934,298	766,891	307,369
253,373	381,141	950,487	310,124	952,986	1,494,273	1,360,930	450,198
7,416	16,584	44,114	15,301	40,955	71,321	58,966	10,942
-	-	-	-	-	-	4,955	-
309	219	933	386	635	1,051	1,763	250
-	-	-	-	-	-	-	-
593	358	1,282	540	646	1,765	4,009	347
4,252	1,803	12,509	3,012	16,340	37,457	48,195	1,381
5,734	167	22,759	16,518	7,588	17,974	18,064	4,561
5,516	3,383	9,933	4,698	7,389	15,945	6,739	7,029
8,509	-	-	-	-	107	1,591	-
4,150	22,952	23,012	3,024	20,251	29,901	19,343	16,720
89,922	170,994	230,632	21,896	395,747	746,305	204,252	198,443
126,401	216,460	345,174	65,375	489,551	921,826	367,877	239,673
103,160	148,737	495,750	170,169	261,405	465,454	885,286	193,734
7,755	27,932	42,585	21,749	115,293	60,638	60,349	13,798
-	-	-	-	-	-	-	-
15,095	10,177	31,624	15,746	75,598	79,349	55,439	10,510
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
962	(22,165)	35,354	37,085	11,139	(32,994)	(8,021)	(7,517)
$ 126,972	$ 164,681	$ 605,313	$ 244,749	$ 463,435	$ 572,447	$ 993,053	$ 210,525

Continued on next page

Combining Statement of Net Assets – Nonmajor Component Units *(Continued from previous page)*

June 30, 2010
(Dollars in Thousands)

	Longwood University	Southwest Virginia Higher Education Center	Roanoke Higher Education Authority	Innovation and Entrepreneurship Investment Authority
Assets				
Cash and Cash Equivalents	$ 51,298	$ -	$ 1,918	$ 5,077
Investments	4,524	-	73	-
Receivables, Net	3,231	1,766	4,501	590
Contributions Receivable, Net	3,682	-	-	-
Due from Primary Government	1,822	302	-	-
Due from Component Units	2,846	65	-	-
Inventory	542	-	-	-
Prepaid Items	2,484	11	-	79
Other Assets	1,589	-	-	34
Restricted Cash and Cash Equivalents	39,942	-	-	-
Restricted Investments	2,967	-	-	-
Other Restricted Assets	2,251	-	-	-
Nondepreciable Capital Assets	60,200	820	614	7,945
Depreciable Capital Assets, Net	185,146	12,507	17,579	14,118
Total Assets	362,524	15,471	24,685	27,843
Liabilities				
Accounts Payable	10,464	345	99	380
Amounts Due to Other Governments	-	-	-	-
Due to Primary Government	235	-	-	-
Due to Component Units	-	-	-	-
Due to External Parties (Fiduciary Funds)	324	20	-	-
Unearned Revenue	1,248	-	173	24
Obligations Under Securities Lending Program	11,089	-	-	-
Other Liabilities	8,194	-	11	490
Loans Payable to Primary Government	-	-	-	-
Long-term Liabilities:				
Due Within One Year	5,593	152	76	1,136
Due in More Than One Year	123,100	1,212	15	3,471
Total Liabilities	160,247	1,729	374	5,501
Net Assets				
Invested in Capital Assets, Net of Related Debt	137,277	12,577	18,193	17,609
Restricted For:				
Nonexpendable:				
Higher Education	29,280	-	-	-
Other	-	-	-	-
Expendable:				
Higher Education	10,480	-	-	670
Gifts and Grants	-	-	-	-
Virginia Pooled Investment Program	-	-	-	-
Capital Projects / Construction / Capital Acquisition	-	-	-	-
Debt Service	-	-	-	-
Other	-	-	-	-
Unrestricted	25,240	1,165	6,118	4,063
Total Net Assets (Deficit)	$ 202,277	$ 13,742	$ 24,311	$ 22,342

Institute for Advanced Learning and Research	Southern Virginia Higher Education Center	Virginia College Building Authority	New College Institute	Total Nonmajor Component Units
$ 2,156	$ 300	$ 53	$ 1,209	$ 892,066
-	-	-	184	804,145
1,259	78	23,190	-	3,462,524
-	-	-	73	137,461
-	-	3,611	86	23,365
221	-	-	-	81,828
-	-	-	-	23,579
55	-	-	3	54,709
-	-	-	54	87,893
365	12	167,791	-	1,098,189
-	-	-	167	2,132,513
-	-	-	-	127,563
1,296	-	-	-	1,530,185
2,694	567	-	686	5,873,876
8,046	957	194,645	2,462	16,329,896
972	78	10	41	390,536
-	-	-	-	6,275
-	8	-	4	7,395
-	-	99,643	-	109,517
-	17	-	8	11,704
286	-	942	-	150,770
-	-	-	-	129,010
17	-	57,748	-	206,412
-	-	-	-	10,207
112	48	119,604	61	451,064
32	485	1,558,013	224	7,870,604
1,419	636	1,835,960	338	9,343,494
3,927	567	-	686	4,386,928
-	-	-	167	861,303
-	-	-	-	93,330
365	12	68,817	908	693,335
-	-	-	-	46,211
-	-	-	-	7,248
-	-	-	-	1,590,542
-	-	-	-	77,124
-	-	-	-	24,175
2,335	(258)	(1,710,132)	363	(793,794)
$ 6,627	$ 321	$ (1,641,315)	$ 2,124	$ 6,986,402

Combining Statement of Activities – Nonmajor Component Units

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
Higher Education					
College of William and Mary	$ 364,454	$ 192,940	$ 94,101	$ 67,828	$ (9,585)
Virginia Military Institute	80,979	31,653	36,649	19,177	6,500
Virginia State University	132,044	47,555	32,261	10,709	(41,519)
Norfolk State University	148,703	58,368	39,038	7,136	(44,161)
University of Mary Washington	109,983	66,241	8,394	9,030	(26,318)
James Madison University	384,489	266,714	40,487	27,057	(50,231)
Radford University	163,390	81,661	23,001	11,203	(47,525)
Old Dominion University	386,190	198,968	84,468	11,079	(91,675)
George Mason University	638,002	337,111	158,117	79,545	(63,229)
Virginia Community College System	1,077,539	318,158	334,963	105,700	(318,718)
Christopher Newport University	113,297	74,019	11,452	27,646	(180)
Longwood University	109,685	65,046	11,951	18,005	(14,683)
Southwest Virginia Higher Education Center	8,427	784	5,141	1,858	(644)
Roanoke Higher Education Authority	3,008	1,120	24	-	(1,864)
Innovation and Entrepreneurship Investment Authority	9,834	4,437	417	-	(4,980)
Institute for Advanced Learning and Research	11,179	596	5,722	-	(4,861)
Southern Virginia Higher Education Center	3,195	397	226	-	(2,572)
Virginia College Building Authority	699,707	64,452	22,450	-	(612,805)
New College Institute	3,319	-	2,286	-	(1,033)
Total Higher Education	4,447,424	1,810,220	911,148	395,973	(1,330,083)
Other Nonmajor Component Units					
Virginia Economic Development Partnership	15,454	364	-	-	(15,090)
Virginia Outdoors Foundation	11,081	582	4,076	-	(6,423)
Virginia Port Authority	259,491	208,228	1,035	6,072	(44,156)
Virginia Resources Authority	165,281	139,357	-	70,024	44,100
Virginia Tourism Authority	16,008	642	1,542	-	(13,824)
Virginia Foundation for Healthy Youth	12,832	-	-	-	(12,832)
Tobacco Idemnification and Community					
Revitalization Commission	86,698	-	-	-	(86,698)
Hampton Roads Sanitation District Commission	177,871	177,206	-	41,606	40,941
Virginia Biotechnology Research Partnership Authority	5,515	6,045	-	-	530
Virginia Small Business Financing Authority	1,760	1,052	423	-	(285)
Virginia School for the Deaf and Blind Foundation	29	-	-	-	(29)
Science Museum of Virginia Foundation	2,049	-	2,649	-	600
Virginia Commercial Space Flight Authority	8,914	-	15,148	12,708	18,942
Danville Science Center, Inc.	291	-	216	-	(75)
Virginia Museum of Fine Arts Foundation	45,733	-	13,928	-	(31,805)
A. L. Philpott Manufacturing Extension Partnership	3,586	1,249	1,380	-	(957)
Virginia Horse Center Foundation	4,775	3,040	495	-	(1,240)
Virginia University Research Partnership	4,054	-	-	-	(4,054)
Fort Monroe Federal Area Development Authority	3,504	-	1,796	-	(1,708)
Assistive Technology Loan Fund Authority	492	-	-	-	(492)
Virginia National Defense Industrial Authority	4,327	-	10,000	-	5,673
Virginia Sesquicentennial of the American Civil War Commission	-	-	124	-	124
Virginia Land Conservation Foundation	7,790	-	-	-	(7,790)
Virginia Arts Foundation	1	28	6	-	33
Library of Virginia Foundation	1,050	136	-	-	(914)
Total Other Nonmajor	838,586	537,929	52,818	130,410	(117,429)
Total Nonmajor Component Units	$ 5,286,010	$ 2,348,149	$ 963,966	$ 526,383	$ (1,447,512)

	General Revenues					
Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Tobacco Master Settlement	Contributions to Permanent / Term Endowments
$ 66,234	$ 9,258	$ 9,685	$ 9,229	$ -	$ 8,963
12,009	150	14,061	204	-	3,254
39,181	1,106	2,382	1,774	-	1,886
45,974	909	1,863	710	-	585
20,627	1,121	551	483	-	1,556
74,941	523	9,465	2,103	-	1,791
51,487	288	1,040	674	-	503
106,253	200	15,262	189	-	1,267
125,799	3,790	8,927	1,871	-	1,020
368,257	5,949	9,032	11,624	-	5,540
27,129	-	305	62	-	394
27,011	242	11,078	368	-	2,541
1,775	-	-	3	-	-
1,122	12	89	-	-	-
5,407	-	121	-	-	-
5,832	-	2	23	-	-
1,908	209	-	-	-	-
110,983	-	10,858	-	-	-
1,372	315	17	-	-	36
1,093,301	24,072	94,738	29,317	-	29,336
14,460	-	13	30	-	-
1,850	123	20	-	-	-
32,785	-	1,516	-	-	-
-	-	-	-	-	-
14,432	-	16	-	-	-
-	-	77	-	11,629	-
-	-	58,239	293	-	-
-	-	1,581	1,655	-	-
-	-	-	-	-	-
-	-	40	-	-	-
-	-	472	-	-	-
-	954	466	11	-	2
259	-	-	-	-	-
-	108	4	-	-	-
-	6,530	624	-	-	5,397
443	-	-	-	-	-
-	79	6	135	-	156
4,000	-	-	-	-	-
1,557	-	-	22	-	-
-	-	85	-	-	-
403	-	13	-	-	-
-	-	-	-	-	-
2,000	-	-	-	-	-
-	-	-	36	-	-
-	369	(21)	-	-	160
72,189	8,163	63,151	2,182	11,629	5,715
$ 1,165,490	$ 32,235	$ 157,889	$ 31,499	$ 11,629	$ 35,051

Continued on next page

Combining Statement of Activities – Nonmajor Component Units *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Changes in Net Assets	Net Assets (Deficit) July 1 as restated	Net Assets (Deficit) June 30
Higher Education			
College of William and Mary	$ 93,784	$ 949,201	$ 1,042,985
Virginia Military Institute	36,178	425,565	461,743
Virginia State University	4,810	112,732	117,542
Norfolk State University	5,880	121,092	126,972
University of Mary Washington	(1,980)	166,661	164,681
James Madison University	38,592	566,721	605,313
Radford University	6,467	238,282	244,749
Old Dominion University	31,496	431,939	463,435
George Mason University	78,178	494,269	572,447
Virginia Community College System	81,684	911,369	993,053
Christopher Newport University	27,710	182,815	210,525
Longwood University	26,557	175,720	202,277
Southwest Virginia Higher Education Center	1,134	12,608	13,742
Roanoke Higher Education Authority	(641)	24,952	24,311
Innovation and Entrepreneurship Investment Authority	548	21,794	22,342
Institute for Advanced Learning and Research	996	5,631	6,627
Southern Virginia Higher Education Center	(455)	776	321
Virginia College Building Authority	(490,964)	(1,150,351)	(1,641,315)
New College Institute	707	1,417	2,124
Total Higher Education	(59,319)	3,693,193	3,633,874
Other Nonmajor Component Units			
Virginia Economic Development Partnership	(587)	299	(288)
Virginia Outdoors Foundation	(4,430)	16,517	12,087
Virginia Port Authority	(9,855)	446,061	436,206
Virginia Resources Authority	44,100	1,223,181	1,267,281
Virginia Tourism Authority	624	3,451	4,075
Virginia Foundation for Healthy Youth	(1,126)	10,644	9,518
Tobacco Idemnification and Community			
Revitalization Commission	(28,166)	951,638	923,472
Hampton Roads Sanitation District Commission	44,177	408,701	452,878
Virginia Biotechnology Research Partnership Authority	530	12,014	12,544
Virginia Small Business Financing Authority	(245)	26,691	26,446
Virginia School for the Deaf and Blind Foundation	443	2,466	2,909
Science Museum of Virginia Foundation	2,033	15,122	17,155
Virginia Commercial Space Flight Authority	19,201	7,486	26,687
Danville Science Center, Inc.	37	1,057	1,094
Virginia Museum of Fine Arts Foundation	(19,254)	145,115	125,861
A. L. Philpott Manufacturing Extension Partnership	(514)	1,202	688
Virginia Horse Center Foundation	(864)	11,883	11,019
Virginia University Research Partnership	(54)	59	5
Fort Monroe Federal Area Development Authority	(129)	381	252
Assistive Technology Loan Fund Authority	(407)	11,499	11,092
Virginia National Defense Industrial Authority	6,089	69	6,158
Virginia Sesquicentennial of the American Civil War Commission	124	172	296
Virginia Land Conservation Foundation	(5,790)	7,711	1,921
Virginia Arts Foundation	69	663	732
Library of Virginia Foundation	(406)	2,846	2,440
Total Other Nonmajor	45,600	3,306,928	3,352,528
Total Nonmajor Component Units	$ (13,719)	$ 7,000,121	$ 6,986,402

Debt Schedules

Summary Schedule – Total Debt and Other Long-term Obligations of the Commonwealth

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2010	2009	2008	2007	2006
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (1):					
Section 9(b) Bonds (2)	$ 999,841	$ 1,040,636	$ 935,105	$ 821,563	$ 626,124
Section 9(c) Bonds (2)	49,545	36,884	66,884	78,766	90,374
Subtotal - General Obligation Bonds	1,049,386	1,077,520	1,001,989	900,329	716,498
Nongeneral Obligation Debt:					
Section 9(d) Bonds (2)	3,705,737	3,001,263	2,667,962	2,562,737	2,313,423
Other Long-term Debt and Obligations (3)	2,079,248	1,841,561	1,614,506	1,487,825	1,399,553
Total Primary Government	6,834,371	5,920,344	5,284,457	4,950,891	4,429,474
Component Units:					
General Obligation Bonds (1):					
Section 9(c) Bonds (2)	631,275	573,550	487,296	411,842	325,969
Subtotal - General Obligation Bonds	631,275	573,550	487,296	411,842	325,969
Nongeneral Obligation Bonds:					
Section 9(d) Bonds (2)	1,919,034	1,455,411	1,172,290	1,122,133	953,560
Other Long-term Debt (3)	1,209,731	1,050,487	906,560	787,640	656,186
Total Component Units	3,760,040	3,079,448	2,566,146	2,321,615	1,935,715
Total Tax-Supported Debt	10,594,411	8,999,792	7,850,603	7,272,506	6,365,189
Debt Not Supported by Taxes:					
Primary Government:					
Total Primary Government (2)	2,803,913	2,787,825	2,934,728	2,872,390	2,911,350
Component Units:					
Section 9(d) Moral Obligation Bonds	669,839	726,416	1,073,577	1,127,950	1,202,791
Section 9(d) Other Debt	1,333,083	1,356,659	1,147,172	815,247	840,779
Other Long-term Debt (4)	15,102,864	14,288,566	12,838,045	11,180,297	9,529,110
Foundations (5)	1,317,122	1,294,063	1,102,712	1,076,230	738,850
Total Component Units	18,422,908	17,665,704	16,161,506	14,199,724	12,311,530
Total Debt Not Supported by Taxes	21,226,821	20,453,529	19,096,234	17,072,114	15,222,880
Total Debt of the Commonwealth	$ 31,821,232	$ 29,453,321	$ 26,946,837	$ 24,344,620	$ 21,588,069

	2010	2009	2008	2007	2006
Section 9(b) Debt:					
Transportation Facilities Bonds	$ 6,469	$ 12,695	$ 18,622	$ 24,263	$ 29,660
Public Facilities Bonds	993,372	1,027,941	916,483	797,300	596,464
Subtotal 9(b) Debt	999,841	1,040,636	935,105	821,563	626,124
Section 9(c) Debt:					
Higher Educational Institution Bonds	631,275	573,550	487,296	411,842	325,969
Transportation Facilities Bonds	28,394	30,358	59,294	69,962	80,435
Parking Facilities Bonds	21,151	6,526	7,590	8,804	9,939
Subtotal 9(c) Debt	680,820	610,434	554,180	490,608	416,343
Total General Obligation Debt (1)	$ 1,680,661	$ 1,651,070	$ 1,489,285	$ 1,312,171	$ 1,042,467

(1) Total general obligation debt for the fiscal year ended.
(2) Net of unamortized discounts, premiums, deferrals on debt defeasance, and/or issuance expenses.
(3) Includes capital lease obligations, notes payable, installment purchase obligations, pension liability, and the long-term portion of the liability for compensated absences.
(4) Includes bonds payable, notes payable, and other debt not supported by taxes.
(5) Foundations represent FASB reporting entities defined in Note 1.B.

Tax-Supported Debt and Other Long-term Obligations

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2010	2009	2008	2007	2006
Primary Government:					
General Obligation Debt (1) (4):					
Section 9(b) Debt					
Transportation Facilities (2)	$ 6,469	$ 12,695	$ 18,622	$ 24,263	$ 29,660
Public Facilities (2)	993,372	1,027,941	916,483	797,300	596,464
Subtotal Section 9(b) Debt	999,841	1,040,636	935,105	821,563	626,124
Section 9(c) Debt					
Parking Facilities (2)	21,151	6,526	7,590	8,804	9,939
Transportation Facilities (2)	28,394	30,358	59,294	69,962	80,435
Subtotal Section 9(c) Debt	49,545	36,884	66,884	78,766	90,374
Subtotal General Obligation Debt	1,049,386	1,077,520	1,001,989	900,329	716,498
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (2)	1,428,918	908,601	948,507	987,550	1,021,172
Virginia Public Building Authority (2)	2,276,819	2,092,662	1,719,455	1,575,187	1,292,251
Subtotal Section 9(d) Debt	3,705,737	3,001,263	2,667,962	2,562,737	2,313,423
Other Long-term Debt:					
Transportation Notes Payable (3)	8,000	8,000	12,325	12,325	12,325
Regional Jail Construction	6,445	8,231	9,980	11,693	13,375
Capital Lease Obligations	97,012	102,913	113,477	125,033	126,615
Installment Purchase Obligations	73,950	61,966	54,761	59,574	50,485
Virginia Public Broadcasting Board Notes Payable (3)	2,990	5,830	8,520	11,070	13,485
Industrial Development Authority Obligations	5,150	10,025	14,640	19,010	23,160
Economic Development Authority Obligations	89,722	93,442	96,992	100,387	100,592
Tax Refund Note (3)	81,278	81,278	-	-	-
Aviation Notes Payable (3)	1,623	1,909	2,195	2,482	2,768
Subtotal Other Long-term Debt	366,170	373,594	312,890	341,574	342,805
Other Long-term Obligations:					
Compensated Absences	320,912	336,072	345,361	340,008	328,799
Pension Liability	1,147,163	989,517	878,579	789,771	709,835
OPEB Liability	214,943	117,604	57,473	-	-
Pollution Remediation Liability	4,019	2,472	-	-	-
Other Liabilities	26,041	22,302	20,203	16,472	18,114
Subtotal Other Long-term Obligations	1,713,078	1,467,967	1,301,616	1,146,251	1,056,748
Total Primary Government	6,834,371	5,920,344	5,284,457	4,950,891	4,429,474
Component Units:					
General Obligation Bonds (1) (4):					
Section 9(c) Debt					
Higher Educational Institutions (2)	631,275	573,550	487,296	411,842	325,969
Subtotal General Obligation Debt	631,275	573,550	487,296	411,842	325,969
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority (2)	194,287	200,886	218,596	236,300	251,219
Innovative Technology Authority	4,480	5,415	6,270	7,145	7,935
Virginia College Building Authority	1,677,617	1,203,701	899,572	828,488	641,954
Virginia Biotechnology Research Partnership Authority	42,650	45,409	47,852	50,200	52,452
Subtotal Section 9(d) Debt	1,919,034	1,455,411	1,172,290	1,122,133	953,560
Other Long-term Debt:					
Capital Lease Obligations	104,489	113,687	136,773	124,738	59,532
Installment Purchase Obligations (3)	141,026	156,236	118,811	126,755	137,788
Subtotal Other Long-term Debt	245,515	269,923	255,584	251,493	197,320
Other Long-term Obligations:					
Compensated Absences	238,916	237,832	229,910	220,887	199,127
Pension Liability	506,555	420,996	358,881	315,260	259,739
OPEB Liability	218,745	121,736	62,185	-	-
Subtotal Other Long-term Obligations	964,216	780,564	650,976	536,147	458,866
Total Component Units	3,760,040	3,079,448	2,566,146	2,321,615	1,935,715
Total Tax-Supported Debt	$ 10,594,411	$ 8,999,792	$ 7,850,603	$ 7,272,506	$ 6,365,189

(1) The general obligation debt is the only debt or long-term obligation that is backed by the full faith, credit, and taxing power of the Commonwealth.
(2) Net of unamortized discounts, premiums, deferral on debt defeasance, and/or issuance expenses.
(3) Reflected as Notes Payable in Note 26, Long-term Liabilities.
(4) See Note 1 on previous page.

Debt and Other Long-term Obligations Not Supported by Taxes

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2010	2009	2008	2007	2006
Primary Government:					
Other Long-term Debt & Obligations:					
Federal Reimbursement Anticipation Notes Payable (1)	$ 414,319	$ 548,695	$ 677,297	$ 800,538	$ 918,494
Pension Liability	26,379	21,368	18,887	16,966	14,474
OPEB Liability	5,779	2,973	1,551	-	-
Capital Lease Obligations	1,407	1,919	2,347	-	-
Compensated Absences	9,130	8,955	8,761	8,682	8,262
Installment Purchase Obligations	187	964	1,735	2,610	5,967
Tuition Benefits Payable	2,095,958	1,909,786	1,891,424	1,730,482	1,617,517
Lottery Prizes Payable	250,754	293,165	332,726	313,112	346,636
Total Primary Government	2,803,913	2,787,825	2,934,728	2,872,390	2,911,350
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Housing Development Authority	-	-	391,691	449,350	498,314
Virginia Resources Authority	669,839	726,416	681,886	678,600	704,477
Subtotal Section 9(d) Moral Obligation Debt	669,839	726,416	1,073,577	1,127,950	1,202,791
Section 9(d) Other Debt:					
Higher Educational Institutions (1):					
Auxiliary Enterprise Revenue Bonds	1,059,008	1,077,484	846,677	624,609	646,914
Teaching Hospitals Revenue Bonds (4)	274,075	279,175	300,495	190,638	193,865
Subtotal Section 9(d) Other Debt	1,333,083	1,356,659	1,147,172	815,247	840,779
Other Long-term Debt:					
Virginia Housing Development Authority (1) (2)	6,739,603	6,754,384	6,487,296	5,548,833	4,656,701
Hampton Roads Sanitation District	547,318	360,136	359,904	143,658	144,450
Virginia Equine Center	-	-	-	-	15,320
Virginia Biotechnology Research Partnership Authority	1,355	1,565	10,015	10,975	11,880
Virginia Public School Authority (1) (2)	3,235,947	3,258,258	3,030,087	2,860,310	2,689,512
Virginia Port Authority	288,764	223,541	292,982	230,817	141,118
Virginia Resources Authority	1,915,717	1,740,010	1,101,055	1,017,988	677,382
Notes Payable	2,034,214	1,649,031	1,293,035	1,034,475	908,394
Bond Anticipation Notes	-	-	-	40,000	-
Other Long-term Debt	339,946	301,641	263,671	293,241	284,353
Foundations (5)	1,317,122	1,294,063	1,102,712	1,076,230	738,850
Subtotal Other Long-term Debt	16,419,986	15,582,629	13,940,757	12,256,527	10,267,960
Subtotal Section 9(d) and Other Debt	17,753,069	16,939,288	15,087,929	13,071,774	11,108,739
Total Component Units	18,422,908	17,665,704	16,161,506	14,199,724	12,311,530
Total Debt Not Supported by Taxes (3)	$ 21,226,821	$ 20,453,529	$ 19,096,234	$ 17,072,114	$ 15,222,880

(1) Net of unamortized discounts, premiums, deferral on debt defeasance, and/or issuance expenses.
(2) Includes notes payable and/or installment purchase obligations.
(3) These amounts are not backed by the full faith, credit, and taxing power of the Commonwealth.
(4) Includes the Virginia Commonwealth University Health System Authority.
(5) Foundations represent FASB reporting entities defined in Note 1.B.

Authorized and Unissued Tax-Supported Debt

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	As of June 30, 2009	New Debt Authorized		Debt Issued	Other Adjust-ments	As of June 30, 2010
Section 9(b) Debt (Primary Government):						
Higher Educational Institution Bonds	$ 30,804	$ -		$ 25,000	$ (5,804)	$ -
Park and Recreational Facilities	22,770	-		20,000	(2,770)	-
Subtotal Section 9(b) Debt	53,574	-		45,000	(8,574)	-
Section 9(c) Debt (Primary Government):						
Higher Educational Institution Bonds	546,747	206,870		85,270	(12,233)	656,114
Parking Facilities Bonds	16,000	-		13,755	(2,019)	226
Subtotal Section 9(c) Debt	562,747	206,870		99,025	(14,252)	656,340
Section 9(d) Debt:						
Primary Government:						
Transportation Contract Revenue Bonds						
(Northern Virginia Transportation District						
Fund Program)	97,100	-		72,195	(205)	24,700
Transportation Capital Projects Revenue Bonds	3,180,000	-		492,665	(8,091)	2,679,244
Component Units:						
Virginia Public Building Authority						
(Projects)	886,039	83,058	(a)	292,394	(6,966)	669,737
Virginia Public Building Authority						
(Jails)	277,749	62,991		24,846	-	315,894
Virginia College Building Authority						
(21st Century)	1,481,006	1,181,006	(a)	444,455	(5,544)	2,212,013
Virginia College Building Authority						
(Equipment Program)	116,799	112,105		102,770	(11,029)	115,105
Virginia Port Authority	155,000	-		-	-	155,000
Subtotal Section 9(d) Debt	6,193,693	1,439,160		1,429,325	(31,835)	6,171,693
Total Authorized and Unissued Tax-Supported Debt	$ 6,810,014	$ 1,646,030		$ 1,573,350	$ (54,661)	$ 6,828,033

(a) Includes $25 million for VCBA and $25 million for VPBA representing a 50/50 split between VPBA/VCBA of the $50 million FY 2012 Maintenance Reserve Authorization (Chapter 874 Item C-84) that has not yet been allocated.

Tax-Supported Debt – Annual Debt Service Requirements [1]

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Fiscal Year Ending June 30	General Obligation Debt Sections 9(a), 9(b) and 9(c)			Other Tax-Supported Debt Section 9(d) [1] [2]		
	Principal	Interest	Total	Principal	Interest	Total
2011	$ 123,602	$ 75,607	$ 199,209	$ 375,021	$ 254,872	$ 629,893
2012	118,885	69,871	188,756	373,581	237,851	611,432
2013	119,805	64,198	184,003	370,076	221,036	591,112
2014	109,330	58,531	167,861	366,368	204,829	571,197
2015	106,740	53,307	160,047	360,492	188,157	548,649
2016	98,490	48,137	146,627	357,247	171,649	528,896
2017	90,370	43,434	133,804	348,305	155,389	503,694
2018	84,010	39,059	123,069	316,260	139,602	455,862
2019	82,925	35,278	118,203	282,321	125,207	407,528
2020	82,065	31,521	113,586	263,133	112,271	375,404
2021	83,910	27,745	111,655	256,486	100,348	356,834
2022	78,910	23,885	102,795	244,155	88,530	332,685
2023	78,805	20,138	98,943	239,295	77,386	316,681
2024	77,650	16,541	94,191	237,731	66,672	304,403
2025	68,600	12,952	81,552	220,389	55,981	276,370
2026	62,295	9,799	72,094	213,004	46,341	259,345
2027	52,895	6,922	59,817	177,756	36,832	214,588
2028	36,570	4,430	41,000	157,848	28,247	186,095
2029	20,495	2,710	23,205	131,814	20,654	152,468
2030	9,995	1,747	11,742	101,510	14,024	115,534
2031	8,620	1,284	9,904	56,222	8,946	65,168
2032	6,270	880	7,150	31,445	6,564	38,009
2033	5,330	574	5,904	30,825	4,950	35,775
2034	3,690	310	4,000	31,980	3,277	35,257
2035	855	128	983	28,795	1,541	30,336
2036	895	87	982	-	-	-
2037	935	44	979	-	-	-
Subtotal	1,612,942	649,119	2,262,061	5,572,059	2,371,156	7,943,215
Add Accretion on Capital Appreciation Bonds	-	-	-	17,129	-	17,129
Add Unamortized Premium	100,271	-	100,271	270,693	-	270,693
Less Unamortized Discount	-	-	-	(853)	-	(853)
Less Deferral on Debt Defeasance	(32,553)	-	(32,553)	(45,495)	-	(45,495)
Total	$ 1,680,660	$ 649,119	$ 2,329,779	$ 5,813,533	$ 2,371,156	$ 8,184,689

[1] Includes Virginia Biotechnology Research Partnership Authority, Innovation and Entrepreneurship Investment Authority, Newport News Industrial Development Authority, Virginia Public Broadcasting Board, Fairfax County Economic Development Authority, Virginia Aviation Board, Tax Refund Note, and Transportation Notes Payable. Does not include other capital leases, installment purchase obligations, regional jail reimbursements under the original treasury board program, compensated absences, pension liability, pollution remediation liability, and uninsured employers' fund.

[2] Includes principal amount of $3,713,738 (dollars in thousands) which includes transportation notes payable of $8,000 (dollars in thousands) for the primary government.

Total		
Principal	Interest	Total
$ 498,623	$ 330,479	$ 829,102
492,466	307,722	800,188
489,881	285,234	775,115
475,698	263,360	739,058
467,232	241,464	708,696
455,737	219,786	675,523
438,675	198,823	637,498
400,270	178,661	578,931
365,246	160,485	525,731
345,198	143,792	488,990
340,396	128,093	468,489
323,065	112,415	435,480
318,100	97,524	415,624
315,381	83,213	398,594
288,989	68,933	357,922
275,299	56,140	331,439
230,651	43,754	274,405
194,418	32,677	227,095
152,309	23,364	175,673
111,505	15,771	127,276
64,842	10,230	75,072
37,715	7,444	45,159
36,155	5,524	41,679
35,670	3,587	39,257
29,650	1,669	31,319
895	87	982
935	44	979
7,185,001	3,020,275	10,205,276
17,129	-	17,129
370,964	-	370,964
(853)	-	(853)
(78,048)	-	(78,048)
$ 7,494,193	$ 3,020,275	$ 10,514,468

Tax-Supported Debt – Detail of Long-term Indebtedness

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Transportation Facilities Bonds					
Series 2003 Refunding	$ 40,370	$ 11,725	$ (5,715)	$ 6,010	06/01/11
Deferral on Debt Defeasance	-	(237)	119	(118)	
Unamortized Premium	-	1,207	(630)	577	
Total Transportation Facilities Bonds	40,370	12,695	(6,226)	6,469	
Public Facilities Bonds					
Series 2002 Refunding	114,865	42,380	(7,510)	34,870	06/01/11-16
Series 2003	50,400	35,310	(2,515)	32,795	06/01/11-23
Series 2004	243,680	191,505	(75,055)	116,450	06/01/11-24
Series 2005	118,110	94,340	(42,215)	52,125	06/01/11-25
Series 2006 Refunding	61,535	47,500	(8,305)	39,195	06/01/11-15
Series 2006	117,910	100,580	(36,685)	63,895	06/01/11-26
Series 2007	200,465	184,185	(10,015)	174,170	06/01/11-27
Series 2008	198,165	188,475	(9,925)	178,550	06/01/11-28
Series 2008 Refunding	25,458	19,802	(5,083)	14,719	06/01/11-13
Series 2009	80,000	80,000	(4,000)	76,000	06/01/11-29
Series 2009 Refunding	121,765	-	121,295	121,295	06/01/16-22
Series 2009 Taxable BABs	45,000	-	45,000	45,000	06/01/11-29
Deferral on Debt Defeasance	-	(7,456)	(11,019)	(18,475)	
Unamortized Premium	-	51,320	11,463	62,783	
Total Public Facilities Bonds	1,377,353	1,027,941	(34,569)	993,372	
Total Section 9(b) Debt	1,417,723	1,040,636	(40,795)	999,841	
Section 9(c) Debt					
Higher Educational Institution Bonds (Component Units)					
Series 1981 Bonds					
Virginia Commonwealth University					
Low-Rise Dormitory	4,932	487	(235)	252	06/01/11
Subtotal Series 1981 Bonds	4,932	487	(235)	252	
Series 1983 Bonds					
Old Dominion University					
Mid-Rise Dormitory	3,500	665	(160)	505	06/01/11-13
Powhatan Field Apartments, Phase II	3,636	705	(165)	540	06/01/11-13
Virginia Commonwealth University					
Low-Rise Dormitory	4,050	770	(185)	585	06/01/11-13
Subtotal Series 1983 Bonds	11,186	2,140	(510)	1,630	
Series 1990 Bonds					
University of Virginia					
Judge Advocate General School	6,265	635	(635)	-	
Subtotal Series 1990 Bonds	6,265	635	(635)	-	

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Section 9(c) Debt *(continued)*					
Higher Educational Institution Bonds (Component Units) *(continued)*					
Series 2001 Bonds					
Christopher Newport University					
New Residence Hall	23,050	3,960	(2,850)	1,110	06/01/11
College of William and Mary					
Renovate Dormitories	4,875	810	(585)	225	06/01/11
George Mason University					
Housing Building V	21,780	7,625	(6,770)	855	06/01/11
Housing Renovations	3,435	870	(425)	445	06/01/11
James Madison University					
Bluestone Dorm Phase III	5,900	965	(695)	270	06/01/11
University of Mary Washington					
Residence Hall Renovation	1,925	320	(230)	90	06/01/11
University of Virginia					
Res. Hall-Monroe Lane	4,670	775	(560)	215	06/01/11
Subtotal Series 2001 Bonds	65,635	15,325	(12,115)	3,210	
Series 2002 Bonds					
College of William and Mary					
Dorm Renovations	5,015	3,680	(2,980)	700	06/01/11-13
George Mason University					
Housing Building V	8,635	6,340	(5,140)	1,200	06/01/11-13
James Madison University					
Bluestone Dorm Renovations I	2,045	1,495	(1,210)	285	06/01/11-13
Bluestone Dorm Renovations II	2,125	1,560	(1,260)	300	06/01/11-13
Old Dominion University					
Housing Renovation	2,565	1,885	(1,525)	360	06/01/11-13
Virginia Polytechnic Institute and State University					
Parking Auxiliary Project	975	590	(385)	205	06/01/11-13
Subtotal Series 2002 Bonds	21,360	15,550	(12,500)	3,050	
Series 2002 Refunding Bonds					
College of William and Mary					
Dorm Renovations	362	170	(40)	130	06/01/11-13
Dorm Repairs	898	797	(99)	698	06/01/11-16
Underground Utility	878	717	(87)	630	06/01/11-16
University Center	121	60	(15)	45	06/01/11-13
George Mason University					
University Center	14,696	8,798	(1,292)	7,506	06/01/11-15
James Madison University					
Residence Facility	3,089	1,492	(348)	1,144	06/01/11-13
Longwood University					
Dining Hall	3,072	2,726	(331)	2,395	06/01/11-16
University of Mary Washington					
Telecommunications	2,647	1,255	(290)	965	06/01/11-13
University of Virginia					
Newcomb Hall Expansion Projects	6,213	5,099	(625)	4,474	06/01/11-16
Student Residence Facility Project	2,796	2,298	(282)	2,016	06/01/11-16

Continued on next page

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Section 9(c) Debt *(continued)*					
Higher Educational Institution Bonds (Component Units) *(continued)*					
Series 2002 Refunding Bonds *(continued)*					
Virginia Commonwealth University					
Visitors Deck	1,823	1,613	(196)	1,417	06/01/11-16
Virginia State University					
Dorm Renovation	690	245	(245)	-	
Foster Hall	592	210	(210)	-	
Jones Dining Hall	1,358	1,205	(150)	1,055	06/01/11-16
Langston Hall	661	235	(235)	-	
Subtotal Series 2002 Refunding Bonds	39,896	26,920	(4,445)	22,475	
Series 2003 Refunding Bonds					
Christopher Newport University					
Dormitory Project	1,209	351	(171)	180	06/01/11
College of William and Mary					
Graduate Housing	3,906	1,084	(541)	543	06/01/11
George Mason University					
Residence Hall IV	5,438	873	(873)	-	
James Madison University					
Gibbons Hall Renovation	1,316	213	(213)	-	
Longwood University					
Housing Repairs	212	37	(37)	-	
Norfolk State University					
Cafeteria Renovation	2,234	621	(308)	313	06/01/11
Residence Hall	1,948	317	(317)	-	
Residence Hall	5,133	1,424	(709)	715	06/01/11
Old Dominion University					
Athletic Facility	2,970	479	(479)	-	
Multi-Level Parking	2,333	375	(375)	-	
Webb Center Addition	3,686	1,025	(509)	516	06/01/11
University of Mary Washington					
Residence Hall	1,461	235	(235)	-	
University of Virginia					
Heater/Chiller Replacement	583	95	(95)	-	
Student Housing	7,587	2,109	(1,050)	1,059	06/01/11
Virginia Polytechnic Institute and State University					
Dorm and Dining Renovation	2,694	748	(373)	375	06/01/11
Parking Renovations	2,268	630	(312)	318	06/01/11
Squires Center Renovation	684	109	(109)	-	
Squires Student Center	1,755	485	(242)	243	06/01/11
Subtotal Series 2003 Refunding Bonds	47,417	11,210	(6,948)	4,262	
Series 2004 New Money and Refunding Bonds					
Christopher Newport University					
New Residence Hall - '01 Refunded Portion	12,842	12,559	(28)	12,531	06/01/11-20
Residence Hall II - '99 Refunded Portion	8,416	8,222	(650)	7,572	06/01/11-19
College of William & Mary					
Dorm Renovation Phase II - '97 Refunded Portion	469	382	(38)	344	06/01/11-17
Dorm Renovations - '98 Refunded Portion	3,778	3,417	(307)	3,110	06/01/11-18
Dorm Repairs - '97 Refunded Portion	2,077	1,706	(177)	1,529	06/01/11-17
Renovate Dormitories - '01 Refunded Portion	2,629	2,571	(6)	2,565	06/01/11-20
Utility System - '97 Refunded Portion	1,226	1,001	(106)	895	06/01/11-17

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Section 9(c) Debt *(continued)*					
Higher Educational Institution Bonds (Component Units) *(continued)*					
Series 2004 New Money and Refunding Bonds *(continued)*					
George Mason University					
Commonwealth and Dominion Housing	2,340	1,305	(240)	1,065	06/01/11-14
Housing Building V - '01 Refunded Portion	9,940	9,721	(22)	9,699	06/01/11-20
James Madison University					
Bluestone Dorm, Phase II - '01 Refunded Portion	3,130	3,061	(7)	3,054	06/01/11-20
Dining Facilities Renovation - '98 Refunded Portion	638	575	(51)	524	06/01/11-18
Dining Hall Renovation - '97 Refunded Portion	818	667	(67)	600	06/01/11-17
Residence Hall - '97 Refunded Portion	7,093	5,831	(603)	5,228	06/01/11-17
Student Services - '97 Refunded Portion	3,783	3,108	(320)	2,788	06/01/11-17
Longwood University					
Dining Hall - '99 Refunded Portion	1,868	1,825	(144)	1,681	06/01/11-19
Residence Hall Improvements - '99 Refunded Portion	1,747	1,706	(134)	1,572	06/01/11-19
University of Mary Washington					
Residence Hall Renovation - '01 Refunded Portion	1,036	1,014	(3)	1,011	06/01/11-20
University of Virginia					
Residence Hall - Monroe Lane - '01 Refunded Portion	2,513	2,457	(5)	2,452	06/01/11-20
Residence Hall - Wise - '99 Refunded Portion	3,020	2,951	(234)	2,717	06/01/11-19
Virginia Commonwealth University					
Academic Parking Deck - '97 Refunded Portion	7,723	6,348	(660)	5,688	06/01/11-17
Virginia Military Institute					
Crozet Hall and Parking	11,240	9,750	(4,915)	4,835	06/01/11-25
Virginia Polytechnic Institute and State University					
Dining Hall - '98 Refunded Portion	1,928	1,745	(159)	1,586	06/01/11-18
Dining Hall HVAC - '99 Refunded Portion	1,168	1,141	(90)	1,051	06/01/11-19
Parking Auxiliary Project - '97 Refunded Portion	951	778	(81)	697	06/01/11-17
Residence Hall - '97 Refunded Portion	9,995	8,218	(851)	7,367	06/01/11-17
Renovate Dietrick Severy, Phase II	4,800	3,975	(2,190)	1,785	06/01/11-24
Virginia State University					
Jones Dining Hall - '98 Refunded Portion	618	561	(52)	509	06/01/11-18
Subtotal Series 2004 New Money and Refunding Bonds	107,786	96,595	(12,140)	84,455	
Series 2005 Bonds					
College of William & Mary					
Renovate Dining	9,555	8,620	(3,535)	5,085	06/01/11-26
Renovate Dorms	5,800	5,235	(2,145)	3,090	06/01/11-26
George Mason University					
Student Housing	25,800	24,485	(7,325)	17,160	06/01/11-30
Longwood University					
Renovate Housing Facilities	3,915	3,320	(1,480)	1,840	06/01/11-25
Old Dominion University					
Renovate Housing - Phase I	4,735	4,010	(1,795)	2,215	06/01/11-25
University of Mary Washington					
Seacobeck Dining Hall	4,730	4,005	(1,795)	2,210	06/01/11-25
Subtotal Series 2005 Bonds	54,535	49,675	(18,075)	31,600	

Continued on next page

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Section 9(c) Debt *(continued)*					
Higher Educational Institution Bonds (Component Units) *(continued)*					
Series 2006 Refunding Bonds					
Christopher Newport University					
Dorm/Dining - '96 Refunding, Refunded Portion	1,725	1,695	(105)	1,590	06/01/11-21
College of William & Mary					
Dorm - '96 Refunding, Refunded Portion	100	90	(15)	75	06/01/11-14
Dorm, Phase II -'96 Refunding, Refunded Portion	1,525	1,430	(215)	1,215	06/01/11-15
Subtotal Series 2006 Refunding Bonds	3,350	3,215	(335)	2,880	
Series 2006 Bonds					
College of William & Mary					
Renovate Dormitories	4,515	4,000	(1,425)	2,575	06/01/11-26
George Mason University					
Construct Student Housing VII	39,080	38,120	(9,235)	28,885	06/01/11-31
Renovate Housing Facilities	2,420	1,970	(240)	1,730	06/01/11-16
James Madison University					
Renovate Residence Hall Phase III	6,230	5,515	(1,965)	3,550	06/01/11-26
Longwood University					
Renovate Housing Facilities	5,900	5,225	(1,860)	3,365	06/01/11-26
Old Dominion University					
Construct Residence Hall Phase II	8,785	7,775	(2,765)	5,010	06/01/11-26
Virginia Polytechnic Institute and State University					
Parking Projects	685	605	(215)	390	06/01/11-26
Virginia State University					
Construct Dining Hall	4,330	4,035	(1,435)	2,600	06/01/11-26
Construct Residence Halls	16,780	15,650	(5,575)	10,075	06/01/11-26
Subtotal Series 2006 Bonds	88,725	82,895	(24,715)	58,180	
Series 2007 Bonds					
George Mason University					
Construct Student Housing VII and Entrance Road	15,495	15,495	(390)	15,105	06/01/11-32
Construct Student Housing, VII	2,010	1,965	(50)	1,915	06/01/11-32
Renovate Student Housing, President's Park I	3,130	2,845	(300)	2,545	06/01/11-17
James Madison University					
Construct Dining Hall	20,840	19,115	(695)	18,420	06/01/11-27
Renovate Bluestone Residence Hall, Phase III	2,280	2,090	(75)	2,015	06/01/11-27
Longwood University					
Renovate Cox Hall	6,250	5,730	(210)	5,520	06/01/11-27
Old Dominion University					
Construct Residence Hall, Phase II	16,115	14,780	(535)	14,245	06/01/11-27
Virginia Commonwealth University					
Monroe Park Housing	15,525	15,265	(275)	14,990	06/01/11-37
Virginia Polytechnic Institute and State University					
Construct New Residence Hall	13,130	13,130	(480)	12,650	06/01/11-27
Improve Residence and Dining Halls	5,995	5,995	(220)	5,775	06/01/11-27
Virginia State University					
Construct Residence Halls	2,020	1,890	(70)	1,820	06/01/11-27
Construct Two Residence Halls	26,160	26,160	(950)	25,210	06/01/11-27
Subtotal Series 2007 Bonds	128,950	124,460	(4,250)	120,210	

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Section 9(c) Debt *(continued)*					
Higher Educational Institution Bonds (Component Units) *(continued)*					
Series 2008 Bonds					
Christopher Newport University					
1998 Refunded Portion 92C	1,664	1,332	(316)	1,016	06/01/11-14
College of William & Mary					
1998 Refunded Portion 92C	3,801	3,035	(719)	2,316	06/01/11-13
1998 Refunded Portion 92D	492	395	(92)	303	06/01/11-13
Renovate Graduate Student Residence Halls	2,395	2,395	(80)	2,315	06/01/11-28
George Mason University					
1998 Refunded Portion 92A	740	557	(179)	378	06/01/11-12
Renovate Commonwealth and Dominion Phase II	1,530	1,530	(140)	1,390	06/01/11-18
Renovate President's Park Phase I	3,095	3,095	(285)	2,810	06/01/11-18
Renovate President's Park Phase II	3,120	3,120	-	3,120	06/01/11-28
Student Housing VII	1,955	1,915	(45)	1,870	06/01/11-33
Student Housing VII and Entrance Road	23,870	23,870	-	23,870	06/01/11-33
James Madison University					
1998 Refunded Portion 92C	2,644	2,111	(498)	1,613	06/01/11-13
Construct New Residence Hall	19,430	18,825	(630)	18,195	06/01/11-28
Longwood University					
1998 Refunded Portion 92A	1,397	1,047	(334)	713	06/01/11-12
Renovate Cox Hall	4,630	4,480	(150)	4,330	06/01/11-28
Old Dominion University					
Quad Housing Phase II	39,960	38,715	(1,290)	37,425	06/01/11-28
University of Mary Washington					
1998 Refunded Portion 92C	1,202	963	(226)	737	06/01/11-13
University of Virginia					
1998 Refunded Portion 92C	207	153	(49)	104	06/01/11-12
1998 Refunded Portion 92D	594	474	(112)	362	06/01/11-13
1998 Refunded Portion 92D	4,323	3,454	(815)	2,639	06/01/11-13
1998 Refunded Portion 92D	431	345	(81)	264	06/01/11-13
VCCS/Northern Virginia Community College					
1998 Refunded Portion 92A	882	661	(213)	448	06/01/11-12
Virginia Commonwealth University					
1998 Refunded Portion 92C	2,985	2,383	(563)	1,820	06/01/11-13
1998 Refunded Portion 92C	384	286	(92)	194	06/01/11-12
1998 Refunded Portion 92D	1,152	923	(219)	704	06/01/11-13
Virginia Polytechnic Institute and State University					
1998 Refunded Portion 92C	1,813	1,450	(342)	1,108	06/01/11-13
1998 Refunded Portion 92D	1,010	809	(188)	621	06/01/11-13
1998 Refunded Portion 92D	969	775	(184)	591	06/01/11-13
New Residence Hall	17,185	17,185	(575)	16,610	06/01/11-28
Parking Auxiliary Projects	1,545	1,495	(50)	1,445	06/01/11-28
Subtotal Series 2008 Bonds	145,405	137,778	(8,467)	129,311	

Continued on next page

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Section 9(c) Debt *(continued)*					
Higher Educational Institution Bonds (Component Units) *(continued)*					
Series 2009 Bonds					
Christopher Newport University					
Residence Hall '01 Refunded Portion	1,878	-	1,878	1,878	06/01/11-21
College of William & Mary					
Dining Commons Hall Renovation '05 Refunded Portion	3,200	-	3,200	3,200	06/01/11-22
Dorm Renovations '06B Refunded Portion	1,270	-	1,270	1,270	06/01/11-22
Dormitory Renovations '02 Refunded	2,582	-	2,582	2,582	06/01/11-22
Dormitory Renovations '05 Refunded	1,940	-	1,940	1,940	06/01/11-22
Renovate Dormitories '01 Refunded Portion	384	-	384	384	06/01/11-21
George Mason University					
Housing Building V '01 Refunded Portion	6,267	-	6,267	6,267	06/01/11-24
Housing Building V '02 Refunded Portion	4,448	-	4,448	4,448	06/01/11-22
Housing VIII	7,910	-	7,910	7,910	06/01/11-34
Renovate President Park Phase I	1,790	-	1,790	1,790	06/01/11-19
Student Housing Construction VII '05 Refunded	6,630	-	6,630	6,630	06/01/11-22
Student Housing VII C	8,255	-	8,255	8,255	06/01/11-34
Student Housing Construction VII '06B Refunded	8,230	-	8,230	8,230	06/01/11-22
James Madison University					
Bluestone Dorm Phase II '01 Refunded Portion	458	-	458	458	06/01/11-21
Renovate Bluestone Res Hall Ph 3 '06B Refunded Portion	1,750	-	1,750	1,750	06/01/11-22
Renovate Bluestone Dorms '02 Refunded Portion	1,048	-	1,048	1,048	06/01/11-22
Renovate Bluestone Dorms II '02 Refunded Portion	1,089	-	1,089	1,089	06/01/11-22
Longwood University					
Housing Facilities Renovations '05 Refunded Portion	1,340	-	1,340	1,340	06/01/11-22
Renovate Housing Facilities '06B Refunded Portion	1,655	-	1,655	1,655	06/01/11-22
Old Dominion University					
Construct Residence Hall Ph II '06B Refunded Portion	2,465	-	2,465	2,465	06/01/11-22
Housing Renovations '02 Refunded Portion	1,319	-	1,319	1,319	06/01/11-22
Housing Renovations Ph I '05 Refunded Portion	1,625	-	1,625	1,625	06/01/11-22
University of Mary Washington					
Residence Hall Renovation '01 Refunded Portion	153	-	153	153	06/01/11-21
Seacobeck Dining Hall '05 Refunded Portion	1,625	-	1,625	1,625	06/01/11-22
University of Virginia					
Residence Hall Monroe Lane '01 Refunded Portion	368	-	368	368	06/01/11-21
Virginia Military Institute					
Crozet Hall & Parking '04A Refunded Portion	4,242	-	4,242	4,242	06/01/11-22
Virginia Polytechnic Institute and State University					
Parking Aux Projects '06B Refunded Portion	190	-	190	190	06/01/11-22
Improve Residence and Dining Halls	3,720	-	3,720	3,720	06/01/11-29
Parking Auxiliary Project '02 Refunded Portion	276	-	276	276	06/01/11-17
Parking Structure	24,590	-	24,590	24,590	06/01/11-34
Renovate Dietrick Servery Ph II '04A Refund Portion	1,891	-	1,891	1,891	06/01/11-22
Renovate Ambler Johnston Hall	39,005	-	39,005	39,005	06/01/11-29

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Section 9(c) Debt *(continued)*					
Higher Educational Institution Bonds (Component Units) *(continued)*					
Series 2009 Bonds *(continued)*					
Virginia State University					
Construct Residence Hall '06B Refunded Portion	4,965	-	4,965	4,965	06/01/11-22
Construct Dining Hall '06B Refunded Portion	1,280	-	1,281	1,281	06/01/11-22
Subtotal Series 2009 Bonds	149,838	-	149,839	149,839	
Deferral on Debt Defeasance	-	(8,013)	(5,610)	(13,623)	
Unamortized Premium	-	14,678	18,866	33,544	
Subtotal Higher Educational Institution Bonds	875,280	573,550	57,725	631,275	
Transportation Facilities Bonds (Primary Government)					
Series 2006, Coleman Refunding	31,880	29,560	(1,900)	27,660	06/01/11-21
Deferral on Debt Defeasance	-	(67)	9	(58)	
Unamortized Premium	-	865	(73)	792	
Subtotal Transportation Facilities Bonds	31,880	30,358	(1,964)	28,394	
Parking Facilities Bonds (Primary Government)					
Series 2002 Refunding	230	180	(25)	155	06/01/11-15
Series 2003 Refunding	5,860	1,630	(812)	818	06/01/11
Series 2004	5,390	4,465	(2,460)	2,005	06/01/11-24
Series 2009	13,755	-	13,755	13,755	06/01/11-29
Series 2009 Refunding	2,122	-	2,122	2,122	06/01/16-22
Deferral on Debt Defeasance	-	(177)	(101)	(278)	
Unamortized Premium	-	428	2,146	2,574	
Subtotal Parking Facilities Bonds	27,357	6,526	14,625	21,151	
Total Section 9(c) Debt	934,517	610,434	70,386	680,820	
Total General Obligation Debt	2,352,240	1,651,070	29,591	1,680,661	
Nongeneral Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 1992B	94,335	-	-	-	
Accreted Principal	-	22,057	(14,688)	7,369	08/01/10
Series 1999B	27,730	1,975	(1,975)	-	
Series 2000A	104,990	9,485	(4,605)	4,880	08/01/10
Series 2001A	35,830	4,865	(1,560)	3,305	08/01/10-11
Series 2002A	55,000	21,255	(2,295)	18,960	08/01/10-22
Series 2003A	38,809	23,720	(4,245)	19,475	08/01/10-14
Series 2004A	187,106	151,520	(17,330)	134,190	08/01/10-16
Series 2004B	207,065	168,045	(11,140)	156,905	08/01/10-24
Series 2004C	39,260	26,935	(3,310)	23,625	08/01/10-15
Series 2004D	106,460	104,925	(415)	104,510	08/01/10-20
Series 2005A	47,305	37,385	(3,235)	34,150	08/01/10-18
Series 2005B	135,675	126,855	(15,210)	111,645	08/01/10-19

Continued on next page

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Nongeneral Obligation Debt *(continued)*					
Section 9(d) Debt *(continued)*					
Virginia Public Building Authority Bonds (Primary Government) *(continued)*					
Series 2005C	165,810	133,355	(11,940)	121,415	08/01/10-22
Series 2005D	50,000	50,000	-	50,000	08/01/22-25
Series 2006A	135,000	120,860	(7,560)	113,300	08/01/10-26
Series 2006B	215,065	197,840	(8,995)	188,845	08/01/10-26
Series 2007A	242,480	235,830	(10,795)	225,035	08/01/10-27
Series 2008A	58,995	58,995	(12,505)	46,490	08/01/10-12
Series 2008B	150,000	150,000	(3,745)	146,255	08/01/10-28
Series 2009A	40,995	40,995	-	40,995	08/01/10-21
Series 2009B	265,000	265,000	-	265,000	08/01/10-29
Series 2009C	10,000	10,000	-	10,000	08/01/10-21
Series 2009D	42,745	42,745	-	42,745	08/01/10-21
Series 2010A1	60,520	-	60,520	60,520	08/01/11-15
Series 2010A2 BABs	256,710	-	256,710	256,710	08/01/16-30
Deferral on Debt Defeasance	-	(26,518)	4,889	(21,629)	
Unamortized Premium	-	114,538	(2,414)	112,124	
Total Virginia Public Building Authority Bonds	2,772,885	2,092,662	184,157	2,276,819	
Virginia College Building Authority Bonds (Component Unit) (1)					
21st Century College Program					
Series 1998	54,785	2,890	(2,890)	-	
Series 2001	65,795	825	(825)	-	
Series 2002	130,795	19,370	(11,825)	7,545	02/01/11-12
Series 2003	140,250	84,845	(70,375)	14,470	02/01/11-13
Series 2004A	172,745	110,015	(87,870)	22,145	02/01/11-14
Series 2004B Refunding	61,395	57,420	(3,500)	53,920	02/01/11-20
Series 2005	115,785	67,035	(48,165)	18,870	02/01/11-25
Series 2006A	53,835	24,080	(11,745)	12,335	02/01/11
Series 2006BC	120,000	111,235	-	111,235	02/01/11-26
Series 2007A	59,125	59,125	-	59,125	02/01/14-22
Series 2007B	132,095	96,780	(37,340)	59,440	02/01/11-27
Series 2008A	144,075	134,405	(9,225)	125,180	02/01/11-28
Series 2009A	284,020	284,020	(11,295)	272,725	02/01/11-29
Series 2009B	84,680	84,680	(8,895)	75,785	02/01/11-18
Series 2009C Refunding	12,945	12,945	(625)	12,320	02/01/11-15
Series 2009D	52,420	-	52,420	52,420	02/01/11-17
Series 2009E Refunding	208,860	-	208,860	208,860	02/01/11-24
Series 2009F1	53,880	-	53,880	53,880	02/01/11-14
Series 2009F2 Taxable BABs	390,575	-	390,575	390,575	02/01/15-30
Series 2010A	50,350	-	50,350	50,350	02/01/11-17
Deferral on Debt Defeasance	-	(5,587)	(12,081)	(17,668)	
Unamortized Premium	-	59,618	34,487	94,105	
Total Virginia College Building Authority Bonds	2,388,410	1,203,701	473,916	1,677,617	

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Nongeneral Obligation Debt *(continued)*					
Section 9(d) Debt *(continued)*					
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	111,680	105,380	(2,402)	102,978	10/01/03-18
Transportation Revenue Bonds (U.S. Route 58)	606,620	468,510	(27,855)	440,655	11/15/03-26
Northern Virginia Transportation District Program	324,410	270,845	53,165	324,010	11/15/03-26
Oak Grove Connector (Chesapeake)	33,075	20,925	(1,190)	19,735	11/15/03-22
Capital Projects	492,665	-	492,665	492,665	
Deferral on Debt Defeasance	-	(3,817)	655	(3,162)	
Unamortized Premium	-	46,758	5,279	52,037	
Total Section 9(d) Transportation Debt	1,568,450	908,601	520,317	1,428,918	
Virginia Port Authority Debt (Component Unit)					
Series 1996	38,300	-	-	-	
Series 1998 Refunding	71,015	-	-	-	
Series 2002	135,000	122,170	(3,945)	118,225	07/11/92-27
Series 2005	60,000	56,110	(1,440)	54,670	07/01/05-30
Series 2006	21,730	18,715	(2,120)	16,595	07/01/07-16
Deferral on Debt Defeasance	-	(217)	122	(95)	
Unamortized Premium	-	4,108	784	4,892	
Total Virginia Port Authority Debt	326,045	200,886	(6,599)	194,287	
Innovation and Entrepreneurship Investment Authority (formerly Innovative Technology Authority) Debt (Component Unit)					
Series 1997	13,300	5,415	(935)	4,480	05/01/97-14
Virginia Biotechnology Research Partnership Authority (Component Unit)					
Series 1996	91,010	45,070	(2,945)	42,125	09/01/03-22
Deferral on Debt Defeasance	-	-	(2,940)	(2,940)	
Unamortized Discount	-	-	(692)	(692)	
Unamortized Premium	-	339	3,818	4,157	
	91,010	45,409	(2,759)	42,650	
Virginia Public Broadcasting Board					
Board Notes Payable	23,840	5,830	(2,840)	2,990	08/01/03-11
Industrial Development Authority Obligations	42,490	10,025	(4,875)	5,150	03/01/03-11
Economic Development Authority Obligations	96,515	89,980	(3,515)	86,465	12/01/06-26
Unamortized Premium	-	3,462	(205)	3,257	
	96,515	93,442	(3,720)	89,722	
Total Section 9(d) Debt	7,322,945	4,565,971	1,156,662	5,722,633	
Nongeneral Obligation Debt and Other Obligations					
Other Long-term Debt (2)					
Capital Leases	-	216,600	(15,099)	201,501	
Installment Purchase Obligations	-	218,202	(3,226)	214,976	
Transportation Notes Payable	-	8,000	-	8,000	
Regional Jail Construction Liability	-	8,231	(1,786)	6,445	
Tax Refund Note	-	81,278	-	81,278	
Aviation Note Payable	6,600	1,909	(286)	1,623	
Total Other Long-term Debt	6,600	534,220	(20,397)	513,823	

Continued on next page

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2009	Issued (Retired) During Year	Outstanding June 30, 2010	Maturity
Nongeneral Obligation Debt and Other Obligations *(continued)*					
Other Long-term Obligations					
Compensated Absences	-	573,904	(14,076)	559,828	
Pension Liability	-	1,410,513	243,205	1,653,718	
OPEB Liability	-	239,340	194,348	433,688	
Other	-	24,774	5,286	30,060	
Total Other Long-term Obligations	-	2,248,531	428,763	2,677,294	
Total Nongeneral Obligation Debt and Other Obligations	7,329,545	7,348,722	1,565,028	8,913,750	
Total Tax-Supported Debt and Other Obligations	$ 9,681,785	$ 8,999,792	$ 1,594,619	$ 10,594,411	

(1) These amounts are reported as notes payable on the higher education institutions' financial statements.
(2) Pursuant to GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Governmental Activities include internal service funds.

STATISTICAL SECTION

The financial presentations included in this section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

Contents

Financial Trends 279
These schedules contain trend information to help the reader understand how the Commonwealth's financial performance and well-being have changed over time.
- Ten-Year Schedule of Revenues and Expenditures – Modified Accrual Basis – General Governmental Revenue by Source and Expenditures by Function
- Net Assets by Component – Accrual Basis of Accounting
- Changes in Net Assets – Accrual Basis of Accounting
- Changes in Fund Balance, Governmental Funds – Modified Accrual Basis of Accounting
- Fund Balance, Governmental Funds – Modified Accrual Basis of Accounting
- Comparison of General Fund Balance

Revenue Capacity 291
These schedules contain information to help the reader assess the factors affecting the Commonwealth's ability to generate its income taxes.
- Personal Income Tax Rates
- Effective Tax Rates
- Personal Income Tax Filers and Liability by Income Level
- Personal Income by Industry
- Taxable Sales by Business Class
- Sales Tax Revenue by Business Class

Debt Capacity 299
These schedules present information to help the reader assess the affordability of the Commonwealth's current levels of outstanding debt and the Commonwealth's ability to issue debt in the future.
- Ratios of Outstanding Debt by Type
- Ratios of General Obligation Bonded Debt Outstanding
- Computation of Legal Debt Limit and Margin
- Schedule of Pledged Revenue Bond Coverage – Primary Government 9(d) General Long-term Debt

Demographic and Economic Information 305
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commonwealth's financial activities take place and to help make comparisons over time and with other governments.
- Schedule of Demographic and Economic Statistics
- Principal Employers

Operating Information 309
These schedules contain information about the Commonwealth's operations and resources to help the reader understand how the Commonwealth's financial information relates to the services the Commonwealth provides and the activities it performs.
- State Employees by Function
- Operating Indicators by Function
- Capital Asset Statistics by Function

Employees of the Department of Accounts 318

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Commonwealth implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

Financial Trends

Ten-Year Schedule of Revenues and Expenditures – Modified Accrual Basis
General Governmental Revenue by Source and Expenditures by Function (1)

For Fiscal Year Ended June 30
(Dollars in Millions)

	2010	2009	2008	2007
Tax Revenues:				
Individual and Fiduciary Income	$ 8,730	$ 9,471	$ 10,084	$ 9,629
Sales and Use	3,553	3,568	3,820	3,760
Motor Fuels	891	889	924	930
Corporation Income	833	642	767	889
Public Service Corporations	112	103	106	89
Motor Vehicle Sales and Use	440	406	534	588
Communications Sales and Use	453	-	-	-
Gross Premiums of Insurance Companies	391	387	397	385
Alcoholic Beverage Sales Tax	111	110	106	100
Deeds, Contracts, Wills, and Suits	326	351	457	584
Beer and Beverage Excise	44	45	44	44
Estate	6	4	136	140
Tobacco Products	178	182	183	188
Bank Stock	24	21	14	13
Wine and Spirits / ABC Liter	21	20	19	18
Other Taxes	74	77	68	79
Total Tax Revenues	16,187	16,276	17,659	17,436
Other Revenues:				
Federal and Other Grants, Donations, and Federal Revenue Sharing	10,628	8,113	6,627	6,204
Institutional Revenue	403	409	390	360
Sales of Property and Commodities	32	26	29	24
Rights and Privileges	870	889	933	826
Interest, Dividends, and Rents	294	218	452	532
Fines, Forfeitures, Costs, Penalties and Escheats	343	349	394	334
Assessments - Special Services	116	113	109	110
Other Revenues	704	611	645	558
Total Other Revenues	13,390	10,728	9,579	8,948
Total Revenues	$ 29,577	$ 27,004	$ 27,238	$ 26,384
Percentage Increase Over Previous Year	9.5%	-0.9%	3.2%	3.6%
Expenditures by Function:				
Education	$ 8,843	$ 9,260	$ 8,940	$ 8,700
Administration of Justice	2,399	2,531	2,543	2,398
Individual and Family Services	12,236	10,764	9,345	8,996
Resources and Economic Development	897	990	868	812
Transportation	3,401	3,704	3,883	3,141
General Government (2)	2,932	2,512	2,612	2,545
Enterprises	-	-	-	-
Capital Outlay	619	612	845	808
Total Expenditures	$ 31,327	$ 30,373	$ 29,036	$ 27,400
Percentage Increase Over Previous Year	3.1%	4.6%	6.0%	8.3%

Includes all General, Special Revenue, Debt Service, Capital Project, and Permanent Funds
(1) Fiscal years 2000-2001 represent basis of budgeting amounts.
(2) Beginning in 2002, General Government expenditure amounts include debt service principal retirement and interest charges.

Source: Department of Accounts

2006	2005	2004	2003	2002	2001
$ 9,236	$ 8,344	$ 7,380	$ 6,751	$ 6,758	$ 7,226
3,682	3,569	3,007	2,722	2,646	2,661
902	912	904	881	859	821
869	644	426	344	236	364
91	89	91	99	82	98
593	599	589	529	527	497
-	-	-	-	-	-
374	374	351	333	293	268
94	89	86	81	76	73
696	597	341	286	214	168
44	43	43	42	42	41
167	161	148	141	138	127
189	122	16	15	15	15
12	10	9	9	10	5
16	14	8	9	10	10
78	71	134	109	91	63
17,043	15,638	13,533	12,351	11,997	12,437
5,958	5,627	5,832	5,524	4,916	3,778
343	324	338	334	444	466
32	37	28	26	28	122
816	758	734	689	623	601
256	204	84	191	264	218
279	317	317	380	330	171
103	105	96	96	99	114
634	685	475	468	1,101	941
8,421	8,057	7,904	7,708	7,805	6,411
$ 25,464	$ 23,695	$ 21,437	$ 20,059	$ 19,802	$ 18,848
7.5%	10.5%	6.9%	1.3%	5.1%	5.1%
$ 7,661	$ 7,068	$ 6,236	$ 6,250	$ 6,187	$ 4,659
2,296	2,204	2,052	2,032	2,157	2,072
8,626	8,060	7,525	7,134	6,864	5,985
788	708	668	641	721	707
3,092	3,115	2,917	3,044	3,269	2,846
2,246	2,101	2,179	1,925	1,805	1,508
-	-	-	-	-	107
588	414	193	108	255	326
$ 25,297	$ 23,670	$ 21,770	$ 21,134	$ 21,258	$ 18,210
6.9%	8.7%	3.0%	-0.6%	16.7%	9.2%

Net Assets by Component (1)
Accrual Basis of Accounting

Last Nine Fiscal Years
(Dollars in Millions)

	2010	2009	2008	2007
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	$ 17,424	$ 16,209	$ 15,241	$ 13,835
Restricted	1,160	1,421	1,641	1,893
Unrestricted	(1,887)	(1,555)	516	944
Total Governmental Activities Net Assets	16,697	16,075	17,398	16,672
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	31	23	26	30
Restricted	16	372	816	872
Unrestricted	(169)	(180)	59	212
Total business-type Activities Net Assets	(122)	215	901	1,114
Primary Government:				
Invested in Capital Assets, Net of Related Debt	17,455	16,232	15,267	13,865
Restricted	1,176	1,793	2,457	2,765
Unrestricted	(2,056)	(1,735)	575	1,156
Total Primary Government Net Assets	$ 16,575	$ 16,290	$ 18,299	$ 17,786

(1) The Commonwealth began reporting government-wide statements with the implementation of GASB Statement No. 34 in fiscal year 2002.

Source: Department of Accounts

2006	2005	2004	2003	2002
$ 11,637	$ 11,830	$ 11,097	$ 9,811	$ 9,152
1,588	1,252	857	883	1,433
2,874	841	598	440	(134)
16,099	13,923	12,552	11,134	10,451
32	(132)	22	24	24
790	600	412	437	900
17	(49)	(250)	(290)	(108)
839	419	184	171	816
11,669	11,698	11,119	9,835	9,176
2,378	1,852	1,269	1,320	2,333
2,891	792	348	150	(242)
$ 16,938	$ 14,342	$ 12,736	$ 11,305	$ 11,267

Changes in Net Assets (1)
Accrual Basis of Accounting

Last Nine Fiscal Years
(Dollars in Millions)

	2010	2009	2008	2007
Expenses				
Governmental Activities:				
General Government	$ 2,829	$ 2,541	$ 2,470	$ 2,645
Education	9,312	9,566	9,300	9,542
Transportation	2,311	2,786	3,054	2,256
Resources and Economic Development	1,107	1,003	878	841
Individual and Family Services	12,285	10,757	9,249	9,022
Administration of Justice	2,741	2,611	2,607	2,659
Interest on Long-term Debt	206	201	205	203
Total Governmental Activities Expenses	30,791	29,465	27,763	27,168
Business-type Activities:				
State Lottery	998	920	936	929
Virginia College Savings Plan	294	115	244	180
Pocahontas Parkway	-	-	-	-
Unemployment Compensation	923	881	433	382
Alcoholic Beverage Control	469	467	457	434
Risk Management	7	6	6	3
Local Choice Health Care	231	231	202	179
Virginia Industries for the Blind	28	24	24	20
Consolidated Laboratory	6	6	6	6
eVA Procurement System	19	18	18	19
Department of Environmental Quality Title V	10	11	12	11
Wireless E-911	48	53	50	47
Museum and Library Gift Shops	2	1	2	2
Behavioral Health Canteen and Work Activity	1	1	-	1
Virginia Information Providers Network	-	-	-	-
Total Business-type Activities Expenses	3,036	2,734	2,390	2,213
Total Primary Government Expenses	$ 33,827	$ 32,199	$ 30,153	$ 29,381
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	$ 248	$ 243	$ 229	$ 216
Education	380	373	379	350
Transportation	611	643	709	583
Resources and Economic Development	306	299	297	299
Individual and Family Services	411	415	389	370
Administration of Justice	308	321	387	292
Operating Grants and Contributions	9,951	7,584	6,067	5,870
Capital Grants and Contributions	1,603	997	1,152	851
Total Governmental Activities Program Revenues	13,818	10,875	9,609	8,831

(1) The Commonwealth began reporting government-wide statements with the implementation of GASB Statement No. 34 in fiscal year 2002.

Source: Department of Accounts

2006	2005	2004	2003	2002
$ 2,015	$ 2,029	$ 1,947	$ 1,654	$ 1,603
7,926	7,269	6,497	6,484	6,406
2,559	2,493	2,217	2,210	2,195
835	765	687	669	771
8,570	7,991	7,587	7,153	6,919
2,493	2,262	2,126	2,115	2,323
209	167	172	189	224
24,607	22,976	21,233	20,474	20,441
908	908	846	759	743
238	311	4	408	259
39	39	37	37	25
339	359	485	712	656
408	375	355	334	316
6	3	8	6	7
165	155	131	111	102
20	21	20	15	11
5	5	5	5	3
6	7	7	7	2
11	10	10	11	11
43	39	37	42	21
2	2	2	2	3
1	1	1	-	1
14	35	35	-	-
2,205	2,270	1,983	2,449	2,160
$ 26,812	$ 25,246	$ 23,216	$ 22,923	$ 22,601
$ 251	$ 258	$ 224	$ 195	$ 183
311	272	228	304	292
601	537	518	523	469
280	241	226	205	190
394	398	394	341	1,165
286	294	346	321	374
5,671	5,262	5,312	4,796	3,998
707	578	734	779	1,188
8,501	7,840	7,982	7,464	7,859

Continued on next page

Changes in Net Assets (1)
Accrual Basis of Accounting *(Continued from previous page)*

Last Nine Fiscal Years
(Dollars in Millions)

	2010	2009	2008	2007
Business-type Activities:				
Charges for Services:				
State Lottery	1,436	1,366	1,389	1,366
Virginia College Savings Plan	371	(117)	70	328
Pocahontas Parkway	-	-	-	-
Unemployment Compensation	524	341	350	438
Alcoholic Beverage Control	584	573	552	525
Risk Management	5	6	7	7
Local Choice Health Care	241	226	216	207
Virginia Industries for the Blind	30	24	24	21
Consolidated Laboratory	7	9	8	7
eVA Procurement System	17	27	26	29
Department of Environmental Quality Title V	10	9	10	10
Wireless E-911	53	51	51	50
Museum and Library Gift Shops	2	2	2	2
Behavioral Health Canteen and Work Activity	-	-	1	1
Virginia Information Providers Network	-	-	-	-
Operating Grants and Contributions	4	105	39	36
Total Business-type Activities Program Revenue	3,284	2,622	2,745	3,027
Total Primary Government Program Revenues	$ 17,102	$ 13,497	$ 12,354	$ 11,858
Net (Expense)/Revenue				
Governmental Activities	$ (16,973)	$ (18,590)	$ (18,154)	$ (18,337)
Business-type Activities	248	(112)	355	814
Total Primary Government Net Expense	$ (16,725)	$ (18,702)	$ (17,799)	$ (17,523)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Individual and Fiduciary Income	$ 8,779	$ 9,559	$ 10,100	$ 9,639
Sales and Use	3,569	3,554	3,821	3,756
Corporation Income	846	546	772	906
Motor Fuel	891	889	924	930
Motor Vehicle Sales and Use	440	406	534	588
Communications Sales and Use	456	-	-	-
Premiums of Insurance Companies	414	365	356	385
Public Service Corporations	112	103	106	89
Other Taxes	777	814	1,025	1,161
Unrestricted Grants and Contributions	49	60	54	50
Investment Earnings	205	143	349	477
Miscellaneous	427	237	224	154
Transfers	597	591	593	564
Contributions to Permanent and Term Endowments	-	-	-	20
Total Governmental Activities	17,562	17,267	18,858	18,719
Business-type Activities:				
Other Taxes	10	13	12	12
Investment earnings	2	4	12	11
Miscellaneous	-	-	1	-
Transfers	(597)	(591)	(593)	(563)
Special Items	-	-	-	-
Total Business-type Activities	(585)	(574)	(568)	(540)
Total Primary Government	$ 16,977	$ 16,693	$ 18,290	$ 18,179
Change in Net Assets				
Governmental Activities	$ 589	$ (1,323)	$ 704	$ 381
Business-type Activities	(337)	(686)	(213)	274
Total Primary Government	$ 252	$ (2,009)	$ 491	$ 655

(1) The Commonwealth began reporting government-wide statements with the implementation of GASB Statement No. 34 in fiscal year 2002.

Source: Department of Accounts

2006	2005	2004	2003	2002
1,367	1,334	1,262	1,136	1,108
272	379	109	234	160
15	10	7	5	-
543	539	445	263	158
497	465	426	388	358
5	6	5	5	5
186	158	138	119	101
21	22	22	15	11
6	5	5	5	3
7	4	5	-	-
10	10	9	10	11
43	39	34	30	29
2	2	3	3	3
1	1	1	1	1
15	35	36	-	-
27	19	17	38	278
3,017	3,028	2,524	2,252	2,226
$ 11,518	$ 10,868	$ 10,506	$ 9,716	$ 10,085
$ (16,106)	$ (15,136)	$ (13,251)	$ (13,010)	$ (12,582)
812	758	541	(197)	66
$ (15,294)	$ (14,378)	$ (12,710)	$ (13,207)	$ (12,516)
$ 9,206	$ 8,356	$ 7,364	$ 6,816	$ 6,714
3,679	3,578	3,014	2,736	2,659
838	651	412	326	240
938	912	908	882	854
593	599	589	529	526
-	-	-	-	-
374	374	351	333	293
91	89	92	99	82
1,296	1,108	784	689	602
48	53	52	61	60
221	154	25	135	201
115	291	284	486	165
581	535	549	466	424
-	-	-	-	-
17,980	16,700	14,424	13,558	12,820
12	12	12	5	3
12	10	9	12	14
1	1	-	2	2
(581)	(535)	(549)	(466)	(424)
164	-	-	-	-
(392)	(512)	(528)	(447)	(405)
$ 17,588	$ 16,188	$ 13,896	$ 13,111	$ 12,415
$ 1,873	$ 1,564	$ 1,173	$ 548	$ 238
421	246	13	(644)	(339)
$ 2,294	$ 1,810	$ 1,186	$ (96)	$ (101)

Changes in Fund Balance, Governmental Funds (1)
Modified Accrual Basis of Accounting

Last Nine Fiscal Years
(Dollars in Millions)

	2010	2009	2008	2007
Revenues				
Taxes	$ 16,187	$ 16,276	$ 17,659	$ 17,436
Rights and Privileges	869	889	933	826
Institutional Revenue	403	409	390	360
Interest, Dividends, Rents, and				
Other Investment Income	294	218	452	532
Federal Grants and Contracts	10,628	8,112	6,627	6,203
Other	1,196	1,100	1,177	1,027
Total revenues	29,577	27,004	27,238	26,384
Expenditures				
General Government	2,306	1,889	2,047	2,030
Education	8,842	9,260	8,940	8,700
Transportation	3,401	3,704	3,883	3,141
Resources and Economic Development	897	990	868	812
Individual and Family Services	12,236	10,764	9,345	8,996
Administration of Justice	2,399	2,531	2,543	2,398
Capital Outlay	619	612	845	809
Debt Service:				
Principal Retirement	420	416	362	322
Interest and Charges	206	207	203	192
Total Expenditures	31,326	30,373	29,036	27,400
Revenues Over (Under) Expenditures	(1,749)	(3,369)	(1,798)	(1,016)
Other Financing Sources (Uses)				
Transfers In	1,624	1,571	1,663	1,637
Transfers Out	(1,022)	(976)	(1,070)	(1,072)
Notes Issued	20	21	-	16
Insurance Recoveries	5	8	6	7
Capital Leases	1	1	5	4
Bonds Issued	941	646	416	593
Premium on Debt Issuance	44	46	23	40
Refunding Bonds Issued	124	68	59	123
Sale of Capital Assets	4	4	7	8
Payments to Refunded Bond Escrow Agents	(146)	(74)	(62)	(131)
Total Other Financing Sources (Uses)	1,595	1,315	1,047	1,225
Net Change in Fund Balances	$ (154)	$ (2,054)	$ (751)	$ 209
Debt Service as a Percentage of				
Noncapital Expenditures	2.04%	2.09%	2.00%	1.93%

(1) Due to changes in the Commonwealth's fund structure initiated when GASB Statement No. 34 was implemented, the fund balance information is only available beginning in 2002.

Source: Department of Accounts

2006	2005	2004	2003	2002
$ 17,043	$ 15,636	$ 13,533	$ 12,351	$ 11,996
816	758	734	689	623
343	325	338	334	444
256	204	84	191	265
5,958	5,627	5,832	5,524	4,916
1,048	1,144	916	971	1,558
25,464	23,694	21,437	20,060	19,802
1,787	1,687	1,757	1,549	1,483
7,661	7,068	6,236	6,250	6,187
3,092	3,115	2,917	3,044	3,269
788	708	668	641	721
8,626	8,060	7,524	7,134	6,864
2,296	2,204	2,052	2,032	2,157
588	414	193	108	255
280	249	243	195	156
179	165	179	181	166
25,297	23,670	21,769	21,134	21,258
167	24	(332)	(1,074)	(1,456)
1,590	1,555	1,507	1,643	1,542
(1,014)	(1,018)	(954)	(1,161)	(1,116)
128	-	-	7	-
4	-	-	-	-
1	1	-	60	4
584	375	-	713	196
45	84	19	102	4
205	731	186	573	-
7	-	-	-	-
(214)	(789)	(211)	(610)	-
1,336	939	547	1,327	630
$ 1,503	$ 963	$ 215	$ 253	$ (826)
1.86%	1.78%	1.96%	1.79%	1.53%

Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting

Last Ten Fiscal Years
(Dollars in Millions)

For the Fiscal Year Ended June 30,	General Fund			All Other Governmental Funds				
					Unreserved, reported in:			
	Reserved	Unreserved	Total	Reserved	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
2010	$ 395	$ (1,069)	$ (674)	$ 515	$ 2,502	$ 206	$ 47	$ 3,270
2009	670	(928)	(258)	306	2,325	331	45	3,007
2008	1,125	78	1,203	343	3,072	134	52	3,601
2007	1,420	564	1,984	377	3,060	81	53	3,571
2006	1,162	973	2,135	202	2,882	(16)	30	3,098
2005	708	521	1,229	235	2,278	(33)	28	2,508
2004	409	37	446	163	2,155	(34)	28	2,312
2003	285	(221)	64	144	2,205	113	25	2,487
2002	532	(749)	(217)	97	1,972	53	25	2,147
2001	959	(405)	554	594	1,455	35	-	2,084

Source: Department of Accounts

Comparison of General Fund Balance

Last Ten Fiscal Years
(Dollars in Millions)

Fiscal Year Ended June 30,	Fund Balance	
	Budgetary Basis	Modified Accrual Basis
2010	$ 870.9	$ (674.3)
2009	823.5	(258.5)
2008	2,219.8	1,202.9
2007	2,955.1	1,984.0
2006	2,890.0	2,135.5
2005	1,865.3	1,229.0
2004	1,109.6	446.2
2003	554.8	63.6
2002	632.9	(216.7)
2001	1,194.1	553.8

Source: Department of Accounts

Revenue Capacity

Personal Income Tax Rates

Last Ten Fiscal Years
(Dollars in Millions)

For the Fiscal Year Ended June 30,	Personal Income Tax Collections (1)	Personal Income (2)(3)	Average Effective Rate (4)
2010	$ 9,088	$ 356,243	2.55%
2009	9,481	348,607	2.72%
2008	10,115	349,992	2.89%
2007	9,788	333,694	2.93%
2006	9,309	314,893	2.96%
2005	8,352	292,208	2.86%
2004	7,430	272,713	2.72%
2003	6,776	255,660	2.65%
2002	6,711	245,172	2.74%
2001	7,226	240,067	3.01%

(1) Tax revenues from individual and fiduciary income tax.
(2) Personal income amounts provided by U.S. Bureau of Economic Analysis website.
(3) Amounts for 2001-2009 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.
(4) Average effective rate equals tax collections divided by income.

Source: Virginia Department of Taxation
U.S. Bureau of Economic Analysis

Effective Tax Rates (1)

Tax Years 2000 – 2009

Income Tax Bracket	Tax Rate
$0 - $3,000	2.00%
$3,000 - $5,000	2.00% - 2.40%
$5,000 - $17,000	2.40% - 4.23%
$17,000 - $30,000	4.23% - 4.89%
$30,000 - $50,000	4.89% - 5.23%
$50,000 - $100,000	5.23% - 5.49%
Over $100,000	5.49% up to 5.75%

(1) Amounts shown are for all filing status returns.

Source: Virginia Department of Taxation

Personal Income Tax Filers and Liability by Income Level (1)

Current Year and Ten Years Ago

	Tax Year Ended December 31, 2008 (2)				Tax Year Ended December 31, 1999			
Income Level	Number of Returns	% of Total	Income Tax Liability	% of Total	Number of Returns	% of Total	Income Tax Liability	% of Total
$100,000 and higher	579,221	16.15%	$ 5,829,104,958	63.35%	273,479	9.04%	$ 3,087,916,036	50.69%
$75,000 - $99,999	309,117	8.62%	1,060,430,265	11.52%	201,852	6.67%	736,332,099	12.09%
$50,000 - $74,999	484,787	13.52%	1,088,956,917	11.83%	392,171	12.97%	962,725,621	15.80%
$25,000 - $49,999	845,293	23.57%	964,366,107	10.48%	726,510	24.02%	951,839,259	15.63%
$10,000 - $24,999	728,858	20.32%	255,377,880	2.78%	725,478	23.98%	329,344,085	5.41%
$9,999 and lower	639,369	17.82%	3,242,811	0.04%	705,349	23.32%	23,060,683	0.38%
Total	3,586,645	100.00%	$ 9,201,478,938	100.00%	3,024,839	100.00%	$ 6,091,217,783	100.00%

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.
(2) Tax year 2008 is the most recent year for which data are available.

Source: Virginia Department of Taxation

Personal Income by Industry

Last Ten Fiscal Years
(Dollars in Millions)

	2010 (1)	2009 (2)	2008 (2)	2007 (2)	2006 (2)
Farm Earnings	$ 362	$ 209	$ 273	$ 238	$ 330
Agricultural/Forestry, Fishing, and Other	339	317	315	337	323
Mining	1,240	1,173	1,329	929	1,016
Construction	13,706	13,693	16,228	17,306	17,949
Manufacturing	15,987	16,061	17,075	17,020	17,055
Transportation, Warehousing, Information and Public Utilities	17,266	17,391	17,819	17,280	17,226
Wholesale Trade	9,274	9,306	9,744	9,781	8,976
Retail Trade	13,756	13,489	14,256	14,442	14,190
Finance, Insurance, Real Estate, Rental and Leasing	17,942	17,817	18,008	18,708	18,677
Services	109,690	106,169	104,644	98,044	91,113
Federal, Civilian	22,917	21,919	20,605	19,609	18,012
Military	16,796	16,432	15,844	15,120	14,396
State and Local government	30,075	29,951	29,116	27,583	26,215
Other (3)	86,893	84,680	84,736	77,297	69,415
Total Personal Income	$ 356,243	$ 348,607	$ 349,992	$ 333,694	$ 314,893
Average Effective Rate (4)	2.55%	2.72%	2.89%	2.93%	2.96%

(1) Personal income figures for 2010 are estimated.
(2) Amounts for 2001-2009 were revised to reflect the incorporation of newly available and revised source data.
(3) Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.
(4) The total direct rate for personal income is not available. Average effective rate equals tax collections divided by income.

Source: U.S. Bureau of Economic Analysis
Note: Details may not agree to BEA due to rounding.

2005 (2)	2004 (2)	2003 (2)	2002 (2)	2001 (2)
$ 627	$ 552	$ 298	$ 300	$ 477
257	303	269	272	291
830	761	631	617	638
16,735	15,568	13,505	13,019	12,522
17,199	16,536	16,596	16,499	16,415
16,913	16,385	15,386	15,379	19,092
8,470	8,042	7,402	7,165	7,523
13,734	13,093	12,428	11,813	11,356
18,358	16,300	15,697	15,054	14,531
83,935	76,830	69,834	65,788	63,571
17,166	16,630	14,408	13,869	12,734
13,412	12,813	11,925	10,662	9,566
24,642	22,791	21,410	20,533	19,716
59,930	56,109	55,871	54,202	51,635
$ 292,208	$ 272,713	$ 255,660	$ 245,172	$ 240,067
2.86%	2.72%	2.65%	2.74%	3.01%

Taxable Sales by Business Class (1) (2)

Last Ten Calendar Years
(Dollars in Millions)

	2009	2008	2007	2006	2004
Apparel	$ 4,494	$ 5,015	$ 5,191	$ 4,917	$ 4,087
Automotive	2,397	2,440	2,563	2,413	5,146
Food	24,134	23,721	22,502	19,943	21,931
Furniture, Home Furnishings, and Equipment	2,519	3,013	3,448	3,684	6,015
General Merchandise	19,577	19,387	19,574	17,104	13,312
Lumber, Building Materials and Supply	7,369	8,140	9,354	8,929	9,006
Fuel	1,582	1,539	1,729	1,778	488
Machinery, Equipment and Supplies	173	241	238	213	3,581
Miscellaneous	16,780	18,527	18,301	18,355	14,914
Hotels, Motels, Tourist Camps, etc.	2,804	3,066	3,079	3,003	2,354
Alcoholic Beverage	532	517	487	456	409
Other Miscellaneous and Unidentifiable	3,505	4,495	5,577	8,683	48
Total	$ 85,866	$ 90,101	$ 92,043	$ 89,478	$ 81,291
Direct Sales Tax Rate (3)	5.0%	5.0%	5.0%	5.0%	4.5%

(1) Retail sales information is available only on a calendar-year basis.
(2) Data from tax year 2005 is not available. Beginning with the third quarter of tax year 2005, business classification categories provided by the Department of Taxation changed to reflect NAICS codes. Consequently, the first half of tax year 2005 information is not available in a comparable form to the second half of tax year 2005. Files from before the third quarter of tax year 2005 will never be directly comparable with files from the third quarter of tax year 2005 and thereafter.
(3) Effective September 1, 2004, the sales tax rate increased from 4.5 percent to 5.0 percent.

Source: Department of Taxation

2003	2002	2001	2000	1999
$ 3,719	$ 3,579	$ 3,434	$ 3,503	$ 3,294
4,810	4,487	3,470	3,297	3,240
20,887	19,937	19,378	19,014	18,515
5,666	5,208	5,006	5,255	5,188
12,686	12,117	12,472	12,693	10,892
7,431	6,979	6,778	6,441	6,276
487	392	458	533	448
3,151	3,001	3,112	3,427	3,014
13,297	12,466	12,051	11,732	10,611
2,307	2,213	2,157	2,392	2,258
483	186	342	298	278
49	80	67	75	54
$ 74,973	$ 70,645	$ 68,725	$ 68,660	$ 64,068
4.5%	4.5%	4.5%	4.5%	4.5%

Sales Tax Revenue by Business Class (1)

Tax Year 2009 and Nine Years Ago

	Tax Year Ended December 31, 2009				Tax Year Ended December 31, 2000			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Apparel	4,195	3.93%	$ 4,493,619,271	5.23%	5,747	4.11%	$ 3,502,780,852	5.10%
Automotive	3,256	3.05%	2,396,542,163	2.79%	11,816	8.44%	3,296,615,183	4.80%
Food	20,264	19.00%	24,133,855,028	28.11%	26,406	18.87%	19,014,175,851	27.69%
Furniture, Home Furnishings, and Equipment	4,153	3.89%	2,519,357,467	2.94%	9,394	6.71%	5,255,491,781	7.66%
General Merchandise	16,033	15.03%	19,576,996,167	22.80%	9,566	6.83%	12,693,329,215	18.49%
Lumber, Building Materials, and Supply	6,006	5.63%	7,368,949,821	8.58%	5,064	3.62%	6,441,307,782	9.38%
Fuel	2,892	2.71%	1,582,080,805	1.84%	961	0.69%	532,995,419	0.78%
Machinery, Equipment, and Supply	167	0.16%	173,166,732	0.20%	9,036	6.46%	3,427,290,804	4.99%
Miscellaneous	38,803	36.38%	16,779,571,174	19.54%	59,239	42.33%	11,732,292,528	17.09%
Hotels, Motels, Tourist Camps, etc.	2,173	2.04%	2,804,207,006	3.27%	2,079	1.48%	2,392,111,664	3.48%
Alcoholic Beverage	332	0.31%	532,480,521	0.62%	256	0.18%	298,094,540	0.43%
Other Miscellaneous and Unidentifiable	8,390	7.87%	3,505,215,919	4.08%	390	0.28%	75,095,639	0.11%
Total	106,664	100.00%	$ 85,866,042,074	100.00%	139,954	100.00%	$ 68,661,581,258	100.00%

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not presented. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.

Source: The Virginia Department of Taxation
Weldon Cooper Center for Public Service, University of Virginia

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		Total Primary Government	Debt as a Percentage of Personal Income (2)	Amount Per Capita (3)
	General Obligation Bonds	Non- General Obligation Bonds	Other Long-term Obligations (1)	Non-General Obligation Bonds	Other Long-term Obligations (1)			
2010	$ 1,049,386	$ 4,120,056	$ 366,170	$ -	$ 1,594	$ 5,537,206	1.55%	$ 702
2009	1,077,520	3,549,958	373,594	-	2,883	5,003,955	1.47%	638
2008	1,001,989	3,345,259	312,890	-	4,082	4,664,220	1.40%	601
2007	900,329	3,363,275	341,574	-	2,610	4,607,788	1.45%	599
2006	716,498	3,231,917	342,805	-	5,967	4,297,187	1.43%	564
2005	657,032	2,930,344	231,131	463,357	9,709	4,291,573	1.50%	571
2004	536,386	2,797,410	346,118	447,372	12,475	4,139,761	1.56%	557
2003	589,618	2,974,706	372,522	432,563	15,917	4,385,326	1.76%	603
2002	579,297	2,377,041	335,506	418,850	17,861	3,728,555	1.55%	529
2001	622,954	2,286,636	357,217	405,460	11,395	3,683,662	1.57%	527

(1) Pension, compensated absences, other postemployment benefits, uninsured employers' fund, lottery prizes payable, tuition benefits payable, and pollution remediation obligations have been excluded.
(2) Personal income amounts used for this calculation were obtained from the U. S. Bureau of Economic Analysis.
(3) Population statistics used in this calculation were provided by the Department of Taxation. Fiscal year 2010 population was estimated.

Source: Department of Accounts

Ratios of General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years
(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	General Bonded Debt Outstanding [1]					Percentage of Tax Revenues [5]	Amount Per Capita [6]
	Governmental			Higher Education			
	9(a) [2]	9(b) [3]	9(c) [4]	9(c)	Total		
2010	$ -	$ 999,841	$ 49,545	$ 631,275	$ 1,680,661	18.49%	$ 213
2009	-	1,040,636	36,884	573,550	1,651,070	17.41%	211
2008	-	935,105	66,884	487,296	1,489,285	14.72%	192
2007	-	821,563	78,766	411,842	1,312,171	13.41%	171
2006	-	626,124	90,374	325,969	1,042,467	11.20%	137
2005	-	555,447	101,585	296,963	953,995	11.42%	127
2004	-	428,891	107,495	316,923	853,309	11.48%	115
2003	-	471,118	118,500	349,185	938,803	13.86%	129
2002	-	451,700	127,597	376,462	955,759	14.24%	136
2001	-	486,310	136,644	345,154	968,108	13.40%	138

[1] Amounts are net of unamortized premiums, discounts, deferrals on debt defeasance, and/or issuance expenses.
[2] Section 9(a) bonds have been issued to redeem previous debt obligations.
[3] Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations.
[4] Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt.
[5] Individual and fiduciary Income tax collections were used for this calculation.
[6] Population statistics used in this calculation are provided by the Department of Taxation. Fiscal Year 2010 population was estimated.

Source: Department of Accounts

Computation of Legal Debt Limit and Margin

Last Ten Fiscal Years
(Dollars in Thousands)

Tax Revenues Required for Computation	2010	2009	2008	2007
Taxes on Income and Retail Sales:				
Individual and Fiduciary Income Tax [1]	$ 9,088,252	$ 9,481,109	$ 10,114,833	$ 9,787,592
Corporate Income Tax [2]	806,473	648,033	807,852	879,575
State Sales and Use Tax [3]	3,264,210	3,116,831	3,302,181	3,274,286
Total	$ 13,158,935	$ 13,245,973	$ 14,224,866	$ 13,941,453
Average Tax Revenues (Three Fiscal Years)	$ 13,543,258	$ 13,804,097	$ 13,792,131	$ 13,071,436
Section 9(a) [2] General Obligation Debt Limit [4]				
Debt Issuance Limit				
(30% of 1.15 times annual tax revenues)	$ 4,539,833	$ 4,569,861	$ 4,907,579	$ 4,809,801
Less Bonds Outstanding:	-	-	-	-
Debt Issuance Margin for Section 9(a) [2]				
General Obligation Bonds	$ 4,539,833	$ 4,569,861	$ 4,907,579	$ 4,809,801
Debt Applicable to Limit as a % Limit	0.00%	0.00%	0.00%	0.00%
Section 9(b) General Obligation Debt Limit				
Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	$ 15,574,747	$ 15,874,712	$ 15,860,950	$ 15,032,151
Less Bonds Outstanding:**				
Public Facilities Bonds [6]	993,372	1,027,941	916,483	797,300
Transportation Facilities Refunding Bonds [5] [6]	6,469	12,696	18,622	24,263
Bond Anticipation Notes	-	-	-	-
Debt Issuance Margin for Section 9(b)				
General Obligation Bonds	$ 14,574,906	$ 14,834,075	$ 14,925,845	$ 14,210,588
Debt Applicable to Limit as a % Limit	6.42%	6.56%	5.90%	5.47%
Additional Section 9(b) Debt Borrowing Restriction:				
Four-year Authorization Restriction (25% of 9(b) Debt Limit)	$ 3,893,687	$ 3,968,678	$ 3,965,238	$ 3,758,038
Less 9(b) Debt authorized in past three fiscal years	-	-	-	-
Maximum Additional Borrowing Restriction (amount that				
may be authorized by the General Assembly)	$ 3,893,687	$ 3,968,678	$ 3,965,238	$ 3,758,038
Section 9(c) General Obligation Debt Limit				
Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	$ 15,574,747	$ 15,874,712	$ 15,860,950	$ 15,032,151
Less Bonds Outstanding:**				
Parking Facilities Bonds [6]	21,151	6,527	7,590	8,804
Transportation Facilities Bonds [6]	28,394	30,358	59,294	69,962
Higher Educational Institution Bonds [6]	631,275	573,550	487,296	411,842
Bond Anticipation Notes	-	-	-	-
Debt Issuance Margin for Section 9(c)				
General Obligation Bonds	$ 14,893,927	$ 15,264,277	$ 15,306,770	$ 14,541,543
Debt Applicable to Limit as a % Limit	4.37%	3.85%	3.49%	3.26%

**Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

[1] Includes taxes imposed pursuant to Articles 2 and 9 of Chapter 3, Title 58.1 of the *Code of Virginia*. Fiscal year 2004 restated to reflect actual data as reported in the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General and Major Special Funds of each respective year's CAFR.

[2] Includes taxes imposed pursuant to Article 10 of Chapter 3, Title 58.1 of the *Code of Virginia.*

[3] Includes taxes imposed pursuant to Chapter 6, Title 58.1 of the *Code of Virginia,* less taxes identified in Sections 58.1-605 and 58.1-638.

[4] Debt limit applies only to debt authorized pursuant to Article X, Section 9(a)(2) of the *Constitution of Virginia*.

[5] These bonds refunded certain Section 9(c) debt, and because the Governor did not certify the feasibility of the refinanced project, it must be applied against the Section 9(b) Debt Limit.

[6] Net of unamortized premium, discount and deferral on debt defeasance.

Sources: Department of Accounts
Department of the Treasury

2006	2005	2004	2003	2002	2001
$ 9,308,570	$ 8,352,366	$ 7,430,365	$ 6,775,746	$ 6,710,857	$ 7,226,407
871,554	616,690	434,493	343,319	290,215	363,757
3,029,949	3,093,725	2,582,797	2,335,958	2,429,845	2,272,954
$ 13,210,073	$ 12,062,781	$ 10,447,655	$ 9,455,023	$ 9,430,917	$ 9,863,118
$ 11,906,836	$ 10,655,153	$ 9,777,865	$ 9,583,019	$ 9,630,355	$ 9,344,574
$ 4,557,475	$ 4,161,659	$ 3,604,441	$ 3,261,983	$ 3,253,666	$ 3,402,776
-	-	-	-	-	-
$ 4,557,475	$ 4,161,659	$ 3,604,441	$ 3,261,983	$ 3,253,666	$ 3,402,776
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
$ 13,692,862	$ 12,253,426	$ 11,244,545	$ 11,020,472	$ 11,074,908	$ 10,746,260
596,464	520,655	389,219	422,399	399,005	429,725
29,660	34,792	39,672	48,719	52,695	56,585
-	-	-	-	-	-
$ 13,066,738	$ 11,697,979	$ 10,815,654	$ 10,549,354	$ 10,623,208	$ 10,259,950
4.57%	4.53%	3.81%	4.27%	4.08%	4.53%
$ 3,423,215	$ 3,063,356	$ 2,811,136	$ 2,755,118	$ 2,768,727	$ 2,686,565
-	1,019,529	1,019,529	1,019,529	1,019,529	-
$ 3,423,215	$ 2,043,827	$ 1,791,607	$ 1,735,589	$ 1,749,198	$ 2,686,565
$ 13,692,862	$ 12,253,426	$ 11,244,545	$ 11,020,472	$ 11,074,908	$ 10,746,260
9,939	11,040	6,367	7,199	9,605	10,325
80,435	90,545	101,128	111,301	117,992	126,319
325,969	296,963	316,923	349,185	376,462	345,154
-	-	-	-	-	-
$ 13,276,519	$ 11,854,878	$ 10,820,127	$ 10,552,787	$ 10,570,849	$ 10,264,462
3.04%	3.25%	3.77%	4.24%	4.55%	4.48%

Schedule of Pledged Revenue Bond Coverage
Primary Government 9(d) General Long-term Debt

Last Ten Fiscal Years
(Dollars in Thousands except Coverage)

Primary Government Revenue Bonds:	For the Fiscal Year Ended June 30,	Beginning Balance	Pledged Revenues (1)	Operating Expenses (2)	Net Available for Debt Service	Debt Service Requirements (3) (4) Principal	Debt Service Requirements (3) (4) Interest	Coverage
Pocahontas Parkway Association (4)	2010	$ -	$ -	$ -	$ -	$ -	$ -	-
(Series 1998A-D and 2001A)	2009	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-
	2006	(140,294)	11,680	30,214	(158,828)	-	-	-
	2005	(115,062)	10,344	29,675	(134,393)	-	9,121	(14.73)
	2004	(75,338)	7,674	27,505	(95,169)	-	9,121	(10.43)
	2003	(62,755)	5,111	27,104	(84,748)	-	9,121	(9.29)
	2002	(28,271)	80	25,023	(53,214)	-	9,129	(5.83)
	2001	(13,052)	-	24,618	(37,670)	-	9,152	(4.12)

(1) Pocahontas Parkway bonds are payable solely from toll revenues.
(2) Operating expenses are exclusive of principal and interest.
(3) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions.
(4) This entity was established in 1999. The toll rights owned by the Pocahontas Parkway Association were sold on June 29, 2006; the association was relieved of any outstanding debt at that time and has no bonds outstanding at June 30, 2010, to report.

Demographic and Economic Information

Schedule of Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population In Thousands (1)	Personal Income In Thousands (2)(3)	Per Capita Income (3)	Public Primary and Secondary School Enrollment	Unemployment Rate
2010	7,886	$ 356,243,000	$ 45,174	1,245,937	7.0 %
2009	7,839	348,607,000	44,471	1,236,546	5.6 %
2008	7,758	349,992,000	45,114	1,232,436	3.4 %
2007	7,694	333,694,000	43,371	1,221,939	3.1 %
2006	7,623	314,893,000	41,308	1,214,737	3.2 %
2005	7,512	292,208,000	38,899	1,185,612	3.5 %
2004	7,432	272,713,000	36,694	1,165,905	3.7 %
2003	7,275	255,660,000	35,142	1,156,471	4.0 %
2002	7,051	245,172,000	34,771	1,143,018	4.1 %
2001	6,995	240,067,000	34,320	1,130,446	2.4 %

(1) Population figure for fiscal year 2010 is estimated.
(2) Personal income amount for fiscal year 2010 is estimated.
(3) Amounts for fiscal years 2001-2009 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

Sources: Virginia Department of Education
Virginia Department of Taxation
Virginia Employment Commission
U.S. Bureau of Economic Analysis

Principal Employers (1)

Current Year and Nine Years Ago

Employer	2009 Rank (2)	2000 Rank
U.S. Department of Defense	1	1
Wal-Mart	2	3
Fairfax County Public Schools	3	2
U. S. Postal Service	4	4
Newport News Shipbuilding	5	6
Sentara Healthcare	6	10
Food Lion	7	5
County of Fairfax	8	8
City of Virginia Beach Schools	9	9
Booz, Allen and Hamilton (3)	10	-

(1) The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All Employers above have an employment size of 1,000 or more.
(2) Calendar year 2009 is the most recent information available.
(3) Previous ranking not available.

Source: Virginia Employment Commission (3)

Operating Information

State Employees by Function (1)

Last Ten Fiscal Years

	2010	2009	2008	2007	2006
General Government					
Virginia Information Technologies Agency	295	353	377	400	453
Department of Taxation	1,044	947	1,014	927	1,031
Department of General Services	654	618	624	634	621
All other	1,608	1,918	1,960	1,915	1,778
Education					
Colleges and Universities	47,981	48,485	48,032	48,004	47,371
All other	3,276	3,551	3,806	3,811	3,813
Transportation					
Department of Transportation	6,852	8,261	8,680	8,824	9,338
Department of Motor Vehicles	1,900	1,931	2,001	2,044	2,102
All other	233	215	239	231	110
Resources and Economic Development					
Department of Conservation & Recreation	930	953	960	753	709
Department of Environmental Quality	768	800	842	882	870
All other	2,874	3,334	3,369	3,412	3,263
Individual and Family Services					
Department of Health	3,856	3,750	3,800	3,943	3,817
Behavioral Health Agencies	8,635	8,355	8,341	8,361	7,679
All other	5,622	5,957	5,550	5,540	6,424
Administration of Justice					
Department of State Police	2,533	2,671	2,668	2,700	2,604
Department of Juvenile Justice	2,442	2,314	2,457	2,295	2,312
Correctional Facilities	9,623	10,437	10,802	10,456	10,368
All other	6,314	6,285	6,441	6,454	5,382
Business-type Activities					
Department of Alcoholic Beverage Control	2,461	2,581	2,472	1,938	1,851
State Lottery	257	252	241	265	261
All other	77	74	50	48	257
State Total (2)	110,235	114,042	114,726	113,837	112,414

(1) Includes salaried and wage employees but excludes adjunct faculty.
(2) Totals have been rounded and may vary slightly from the Department of Human Resource Management and Department of Personnel and Training reports.

Sources: Department of Human Resource Management
Department of Personnel and Training

2005	2004	2003	2002	2001
1,068	593	347	342	338
1,026	1,047	972	930	963
603	625	583	612	583
1,775	1,730	1,944	1,786	1,826
44,725	42,817	41,729	41,717	41,178
3,555	3,528	3,735	3,905	3,960
9,401	9,541	10,204	10,462	10,646
2,056	2,059	1,861	2,214	2,193
129	145	185	178	668
937	927	847	963	956
862	837	827	846	833
3,161	3,244	3,096	3,245	3,319
3,646	3,674	3,657	3,646	3,629
6,609	6,708	6,810	6,930	6,835
7,868	7,850	7,395	7,317	7,408
2,607	2,626	2,499	2,504	2,518
2,222	2,200	2,197	2,353	2,420
10,398	10,286	10,244	10,906	11,328
5,036	5,098	4,880	5,062	5,151
1,726	1,656	1,565	1,636	1,530
271	304	317	319	313
257	240	237	261	231
109,938	107,735	106,131	108,134	108,826

Operating Indicators by Function (1)

Last Six Fiscal Years

	2010	2009
General Government		
Virginia Department of Taxation		
Number of Returns Processed (calendar year) (2)	Not yet available	7,079,611
Department of Accounts		
Number of Payments Processed Via Check	1,625,763	1,715,164
Number of Payments Processed Electronically	11,141,067	10,059,109
Percentage Processed Electronically	87.2%	85.4%
Education		
State Council of Higher Education		
Number of Students Enrolled at State-supported Colleges and Universities	501,866	467,093
Department of Education		
Number of Public Primary and Secondary School Enrollment	1,245,937	1,236,546
Transportation		
Department of Transportation		
Number of Vehicles Paying Tolls for the Pocahontas Parkway (3)	N/A	N/A
Resources and Economic Development		
Department of Environmental Quality		
Number of Permits Issued	2,780	1,925
Number of Inspections Conducted	11,804	11,599
Department of Housing and Community Development		
Number of Housing Units Improved to Define Standards through Housing Programs	7,231	5,198
Department of Agriculture and Consumer Services		
Number of Food Inspections Conducted	13,516	14,639
Number of Weights/Measure Equipment Inspected	53,329	57,275
Department of Forestry		
Number of Firefighters Trained in Forest Fire Control	1,123	1,034
Individual and Family Services		
Comprehensive Services for At-Risk Youth and Families		
Number of Youth Served	17,242	17,957
Department of Medical Assistance Services		
Number of Medicare Recipients	1,122,522	1,104,765
Number of Medicaid Recipients	937,522	857,662
Department of Behavioral Health and Developmental Services (4)		
Number of Patients Served	2,754	2,877
Number of Beds Used	3,396	3,533
Department of Social Services		
Average Number of Households Receiving Food Stamps	350,599	277,498
Number of Households Receiving Child Support Enforcement Assistance	359,317	359,487
Department of Health		
Number of WIC Participants	275,580	270,378
Number of Childhood Immunizations Administered	1,602,907	1,470,403

(1) In accordance with GASB Statement No. 44, the Commonwealth began reporting these operating indicators in fiscal year 2006. Information was not available prior to fiscal year 2005.
(2) Information is not yet available for fiscal year 2010
(3) The assets of the Pocahontas Parkway Association, including the rights and obligations to manage, operate, maintain and collect tolls, were sold in June 2006. Therefore, this information is not available subsequent to fiscal year 2006.
(4) This agency is structured to provide services primarily in a community setting. Although they have a significant amount of capital and operating costs in facility operations, inpatient treatment methodology is being deemphasized over time. Their inpatient census will continue to decline in the future. Over $250 million of community funding (state and Federal dollars) each fiscal year supports 40 community services boards across the Commonwealth. These entities serve approximately 300,000 Virginians each year.
(5) Win for Life replaced Lotto South during fiscal year 2006; therefore, information for fiscal year 2005 and prior is not available.
(6) Fast Play Bingo and Millionaire Raffle began during fiscal year 2007; therefore, information for fiscal year 2006 and prior is not available.
(7) Powerball began during fiscal year 2010; therefore, information for fiscal year 2009 and prior is not available.

2008	2007	2006	2005
6,893,047	6,746,596	7,860,850	7,466,243
2,597,746	1,431,918	1,522,865	1,658,132
8,065,038	2,861,979	2,684,123	2,445,707
75.6%	66.7%	63.8%	59.6%
449,671	428,642	412,336	401,945
1,232,436	1,221,939	1,214,737	1,185,612
N/A	N/A	5,746,292	5,638,331
2,389	3,491	2,011	4,627
11,721	11,730	10,471	9,656
3,248	3,392	3,459	4,292
17,551	14,623	16,350	14,791
84,481	77,921	101,471	74,341
1,200	1,300	1,000	1,653
19,658	18,498	16,722	16,272
1,071,681	1,039,059	1,010,487	1,047,394
818,452	805,458	812,796	777,548
2,915	3,003	3,033	3,069
2,891	2,988	3,499	3,445
240,821	228,116	223,116	212,092
359,977	363,272	361,909	363,294
258,593	270,918	247,386	139,380
1,455,166	1,076,412	1,093,450	361,503

Continued on next page

Operating Indicators by Function (1) *(continued)*

Last Six Fiscal Years

	2010	2009
Administration of Justice		
Supreme Court		
Number of Criminal Trials (calendar year)	705,777	731,609
Number of Civil Trials (calendar year)	1,372,483	1,397,850
Number of Traffic Hearings (calendar year)	2,143,109	2,050,896
Compensation Board		
Number of Constitutional Officers Receiving Financial Support	650	654
Dept of State Police		
Number of Traffic Citations Issued (calendar year)	686,173	647,396
Number of Arrests (calendar year)	22,713	23,996
Department of Corrections		
Number of Inmates	31,735	32,708
Business-type Activities		
State Lottery Department		
Number of Plays Sold - Pick 3	246,899,030	250,634,329
Number of Plays Sold - Pick 4	197,460,420	185,418,033
Number of Plays Sold - Cash 5	28,242,740	29,267,637
Number of Plays Sold - Megamillions	174,882,294	162,095,735
Number of Plays Sold - Win for Life (5)	28,440,948	32,128,730
Number of Plays Sold - Lotto South (5)	-	-
Number of Plays Sold - Millionaire Raffle (6)	6,600,000	8,905,555
Number of Plays Sold - Fast Play Bingo (6)	6,884,748	6,772,764
Number of Plays Sold - Powerball (7)	34,562,352	-
Number of Tickets Sold - Instant Tickets	711,155,383	690,382,366
Virginia College Savings Plan		
Number of Prepaid Tuition Contractholders	71,373	71,898
Virginia Employment Commission		
Number of Individuals Receiving Unemployment Benefits	190,370	219,646
New Unemployment Benefit Claims	418,431	474,777

Sources: Compensation Board
Comprehensive Services for At-Risk Youth and Families
Department of Agriculture and Consumer Services
Department of Education
Department of Environmental Quality
Department of Forestry
Department of Health
Department of Housing and Community Development
Department of Medical Assistance Services
Department of Behavioral Health and Developmental Services
Department of Social Services
Department of State Police
Department of Transportation
State Council of Higher Education
State Lottery Department
Supreme Court
Virginia College Savings Plan
Virginia Employment Commission

2008	2007	2006	2005
741,701	733,714	710,380	717,267
1,366,596	1,335,192	1,327,296	1,349,987
2,019,753	1,973,047	1,971,413	1,941,038
649	650	650	656
652,837	646,166	600,121	670,550
22,475	23,348	22,622	23,397
33,157	31,647	31,072	31,024
256,605,411	265,398,821	257,008,607	253,218,681
183,990,214	179,922,714	169,761,961	169,182,202
29,022,974	27,520,707	27,723,536	28,109,652
166,144,927	130,299,581	159,665,341	137,178,608
37,717,958	41,323,625	17,529,322	-
-	-	44,322,641	66,693,764
8,798,720	13,005,307	-	-
9,229,805	6,600,000	-	-
-	-	-	-
694,902,491	698,271,837	689,315,033	679,563,218
71,812	71,382	70,006	67,947
122,144	106,554	110,881	117,216
279,939	260,804	260,381	276,859

Capital Asset Statistics by Function (1)

Last Six Fiscal Years

	2010	2009
General Government		
Department of General Services		
Number of Buildings	55	48
Total Square Footage of Buildings	5,053,912	4,718,480
Vehicles	13,534	13,322
Education		
State Council of Higher Education		
Campuses of In-state Institutions	244	254
Campuses of Out-of-state Institutions	121	87
Transportation		
Department of Transportation		
Bridges Maintained	12,949	12,912
State Maintained Highway Lane Miles	70,105	70,105
Vehicles	7,734	8,185
Number of Buildings (2)	3,513	3,526
Total Square Footage of Buildings	7,713,617	7,683,384
Resources and Economic Development		
Department Conservation & Recreation		
State Parks	37	37
Acres of State Parks (in thousands)	71	69
Natural Area Preserves	39	39
Acres of Natural Area Preserves (in thousands)	30	29
Historic Sites	3	3
Acres of Historic Sites (in thousands)	0.3	0.3
Number of Buildings (3)	1,164	1,168
Total Square Footage of Buildings	1,152,257	1,154,487
Department of Forestry		
State Forests	19	19
Buildings	295	295
Total Square Footage of Buildings	600,602	600,602
Individual and Family Services		
Department of Behavioral Health and Developmental Services		
Number of Buildings	438	435
Total Square Footage of Buildings	5,744,389	5,743,088
Administration of Justice		
Department of State Police		
Number of Stations	64	66
Number of Buildings	145	145
Total Square Footage of Buildings	562,736	550,736
Department of Corrections		
Number of Buildings	1,835	1,826
Total Square Footage of Buildings	11,920,234	12,160,909
Business-type Activities		
Department of Alcoholic Beverage Control		
Number of Buildings	25	24
Total Square Footage of Buildings	1,185,501	1,142,273

(1) In accordance with GASB Statement No. 44, the Commonwealth began reporting these capital asset statistics in fiscal year 2006. Information was not available prior to fiscal year 2005.
(2) Includes storage sheds.
(3) Includes cabins.

Sources: Department of Conservation and Recreation
Department of Forestry
Department of General Services
Department of State Police
Department of Transportation
Department of the Treasury
State Council of Higher Education

2008	2007	2006	2005
48	47	45	34
4,409,026	4,358,746	4,236,832	3,172,679
13,262	12,779	11,841	13,168
258	207	116	101
67	63	110	134
12,603	12,603	12,603	12,603
70,066	70,066	70,066	69,054
9,060	9,443	9,952	8,066
3,562	3,595	3,582	3,677
7,734,267	7,750,199	7,624,896	11,166,349
37	37	34	34
68	67	66	64
38	35	34	34
28	25	25	24
3	3	3	3
0.3	0.3	0.3	0.3
991	991	989	1,047
1,223,427	1,223,427	1,284,589	1,046,747
19	17	17	16
295	295	283	270
600,602	600,602	587,838	566,986
441	449	446	288
6,037,953	6,161,843	6,263,527	5,344,822
66	66	66	66
145	143	143	122
550,736	526,617	526,617	465,046
1,817	1,809	1,812	1,454
11,963,087	11,787,810	11,102,021	9,252,244
22	21	22	21
787,348	784,548	789,548	536,102

Employees of the Department of Accounts

Valerie J. Alley — Marla L. Anderson — Karen Ashby — Kimberly E. Barton — Pamela P. Benos — Myra K. Blair — Kristen Bolden — Donna R. Brown — Lauren N. Brown — Maria A. Bryant — Rebecca G. Burton — Deborah E. Butts — John C. Campbell, III — Alice H. Cannon — Lisa A. Christian — Kevita L. Clayborne — Susan R. Cole — Kathleen H. Corker — Terri P. Cox — Monica T. Darden — Tamara L. Davidson — Helen Dickinson — Chris W. DiRienzo — Valerie Dunmars-Hurdle — Robert D. Eddleton — Constance H. Fisher — James W. Fisher — Gwendolyn T. Fleming — Wayne A. Gabbert — Jeffrey R. Gargiulo — Lora L. George — Cathy P. Gravatt — Frances L. Grimm — Shannon M. Gulasky — Denise L. Halderman — Candace E. Hall — Charla R. Hamaker — Luc T. Hang — Jennifer A. Heredeen — Elaine A. Hill — Kevin A. Howard — Rhonda S. Hutsell — Ashlyn S. Jinnette — Randall K. Johnson — Connie T. Jones — Crystal W. Jones — Diana W. Jones — Shirleen L. Jones — Susan L. Jones — Joseph A. Kapelewski — Jane V. Kearney — Bonita B. Keller — Yiran Kirtner — Martha A. Laster — Sharon H. Lawrence — Jessica C. Leahy — Verna P. Left — Gregory T. Lehman — Betsy M. Lewerenz — Steven W. Lewerenz — Fay G. Lion — Heather C. Longest — Lewis R. McCabe, Jr. — Cathy C. McGill — Marquia McLendon — Marianne P. Madison — Nancy W. Martin — Cynthia D. Matthews — William E. Matthews — Thomas E. Mays —Edward F. Miller — Rebecca E. Mills — Amanda R. Mitchell — James C. Moore — Sandra Muir — Mark J. Murray — Dirk North — Aimee L. Nurney — Douglas N. Page — Melinda L. Pearson — Richard M. Perconte — Richard E. Phillips — Donna K. Rabender — Laura A. Rice — Michael E. Rider — Norma J. Roberts — Monique D. Robinson — John R. Rodgers — Catherine A. Royal — Tim Sadler — Richard L. Salkeld — Andrew Short — Felecia S. Smith — LaShon B. Smith — John J. Sotos — John A. Spooner — Fredrica J. Spurlock — Joseph J. Teleoglou — Evelyn Tippett — M. Christy Tuck — Jean S. Turlington — David A. Von Moll — Denise B. Waddy — Susan L. Wales — Terelle D. Walker — John Waxmunski — Beverly A. Wells — Nicholas Whitby — Kimberly N. White — Matthew K. Wiggins — Penny B. Williams — Raymond L. Williams — Sherrie L. Winston — Kim G. Wood — Carol H. York

Desktop Publishing and Graphics:
Marianne P. Madison, Accountant Senior
Financial Reporting, Virginia Department of Accounts

This report was prepared by staff of the Virginia Department of Accounts
and printed on a Xerox WorkCentre 5675 at a cost of $5.68 per copy.

This report is also available for download from the World Wide Web.
Our Internet address is **www.doa.virginia.gov**.